FINANCIAL TIMES November 1, 1971

FINANCIAL TIMES

No. 25,593 Monday November 1 1971 ** 6p

News Summary

GENERAL

Security step-up after P.O. blast

...watch on buildings

...'rule' denied

...ferries

...forest

...on top

...as IC

BUSINESS

October profits, dividend rise

● PROFITS AND DIVIDENDS of industrial companies reporting in October showed a substantial rise on the previous year. Profits shown in the FT monthly analysis of company reports were 16 per cent. up—double the rise in the 1971 third quarter and comparing with only a 2 per cent. improvement for companies reporting in September.

The analysis showed dividends 13.9 per cent. above the previous year level. Figures from two companies, GUS and Carreras, greatly influenced these results.
Page 5

Ban will hit coal output

● COAL PRODUCTION is expected to be cut by 15-20 per cent. from to-day as the National Union of Mineworkers begins its overtime ban for pay rises of up to 47 per cent. Stocks stand at about 2m. tons and it will be some weeks before the effect of the ban is felt.
Page 23

● THE INTERNATIONAL Metalworks' Federation at its congress is called on national affiliates to abandon a measure of their autonomy in order to strengthen joint union action against international corporations. Companies were becoming less dependent on profits from any single country, it said.
Page 7

New look at regions

● REGIONAL POLICY, particularly employment and need for more effective use of manufacturing resources; low investment levels; and ways of reducing wage inflation are the issues expected to be urged as priorities by the "four wise men" of the National Economic Development Council at its Wednesday meeting.
Back Page

● CLOTHING INDUSTRY future prosperity is threatened by its high labour turnover, says a survey to-day by the Little Neddy for the industry. The survey covered 300 garment factories with 75,000 workers in February. Most sectors, it says, had an annual turnover of between 41 and 47 per cent. Scotland had 57.
Page

Air fares talks fail

● NORTH ATLANTIC airlines failed for the third time running to agree on a new scale of fares from February 1. The International Air Transport Association members who met in Lausanne through most of last week adjourned "indefinitely" at the week-end with no plan for another meeting.
Back Page

● "LACK OF INTEREST" led to cancellation of a seminar on marketing in Europe planned by PA Management Consultants for this week and to cutting-back of another.
Page 6

● ACCOUNTING PROPOSALS for mergers and acquisitions may be changed by the Institute of Chartered Accountants in England and Wales as a result of criticism of their plans.
Page 22

● SHELL Oil Company net income in the third quarter was $61.5m., a per cent. rise over the $59.7m. of the same quarter last year. Earnings for the first nine months were $155.6m., 10 per cent. below the same period last year.
Page 28

● THE DTI study of the aerospace industry is of a wider nature than previously supposed, writes Michael Donne. A major aim is to look into possibilities of aerospace companies merging with each other or with companies on the Continent.
Page 25

● IRAN and the Western consortium of Iran Oil Participants opened exploratory talks at the week-end on compensations for losses from the U.S. de facto devaluation on August 15. They meet again on November 8.
Page 25

Urgent moves in the U.S. to save some of aid programme

By GUY de JONQUIERES

WASHINGTON, OCT. 31.

Stung by the Senate's overwhelming and unexpected defeat of the Foreign Aid Bill, the Nixon Administration is hurriedly mounting a salvage operation in an attempt to restore at least a sizeable proportion of the vetoed funds.

The Senate action has been strongly deplored by the Administration. Mr. William Rogers, the Secretary of State, said at the week-end that it was "deeply disheartening" and would injure U.S. foreign relations and its own national security at a particularly delicate turning-point in foreign policy. "We cannot afford to abandon our material support for those allies whose security may be at stake," he said.

South-East Asia

The defeat of the Bill has caused shock and surprise, even among those senators who voted against it on Capitol Hill, where Senator J. William Fulbright has called a meeting of the Senate Foreign Relations Committee for to-morrow.

The committee is expected to discuss ways of restoring what Mr. Fulbright to-day described as "the less controversial aspects" of the foreign aid programme. But he and others have made clear that they will strongly resist any attempt by the Administration to revive the whole Bill in its entirety, and especially military aid to South-East Asia.

During the first four months of this fiscal year foreign aid has been continued at last year's $2,900m. (about £1,116.5m.) level under a "continuing resolution." It is understood that the White House and the State Department are working on a proposal to extend this resolution for a further 90 days after it expires on November 15 to allow time to consider a restructuring of future foreign aid policy in the light of the Senate vote.

Senator Fulbright said on television this morning that he expected "some kind of interim programme to be devised," though he did not favour a continuing resolution. Senator Mike Mansfield has said that such a formula would be "filibustered to death" in the Senate.

In Mr. Fulbright's view attempts to find an interim solution may stumble if the Administration presses too hard for the restoration of foreign military aid, especially of an increased request for aid to Cambodia.

Israel aircraft

However, Mr. Fulbright drew the line at cutting off military credits worth more than $400m. (£160.6m.) for Israel, which is pressing the U.S. for new military aircraft sales as a precondition for entering substantive peace negotiations. He also avoided saying whether he would oppose military assistance for South Vietnam, which President Nixon says is needed to assist the U.S. troop withdrawal programme.

More than 50 per cent. of the $2,900m. authorised by the Senate Foreign Relations Committee was earmarked for military aid. The Bill also included $139m. for voluntary UN agencies, $250m. for Pakistan famine relief and $368m. in technical and economic assistance.

Unspent funds

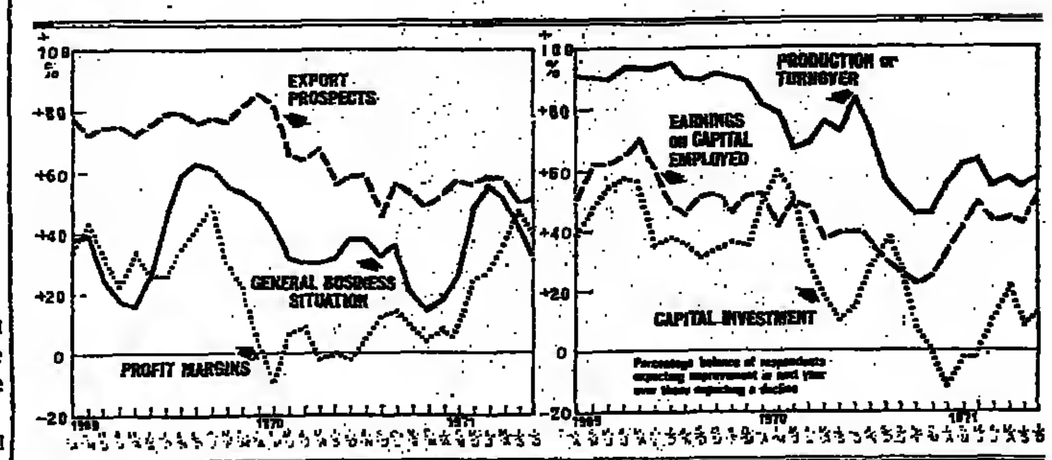
The Bill did not include the bulk of multilateral aid contributions. Legislation authorising $2,000m. for this, including the crucial $800m. U.S. contribution to the replenishment of the International Development Association, the soft loan arm of the World Bank, has already been passed by the Senate and is now before the House of Representatives.

Despite the forceful protests and doom-filled predictions emanating from the White House and the State Department the foreign aid programme could keep going for some time, even if the Senate continues to refuse new authorisations. As well as unspent funds of unknown value there is $4,700m. in the pipeline, so that there is no risk of an immediate cut-off of commitments already made.

Continued on Back Page

FT Monthly Survey of Business Opinion

Inflation expected to ease off



INDUSTRY is now expecting the rate of inflation to slacken appreciably, judging from the replies given to the latest Financial Times survey of business opinion.

The median forecast cost increase has now fallen for the twelfth successive month to less than 6 per cent. a year. This time last year, the average expected increase was over 10 per cent.

This apart, business conditions show little change. The recovery which has begun in a few sectors—car sales and private house-building, for example—is clearly taking time to work through more generally.

Forecasts of manpower requirements and capital spending plans remain on the whole cautious.

Mechanical engineering—one of the three sectors surveyed in detail this time—does not expect orders for engineering investment goods to pick up much before the second or third quarters of 1972.

Even the chemicals-oils group, which is normally fairly sensitive to business conditions generally, is showing little sign of bullishness.

One factor which has been influencing the outlook in this sector—and in shipping, the third group covered by the latest survey—is of course the development of the world monetary situation since President Nixon announced his balance of payments measures on August 15. These events have not been helpful to the arrival in U.K. business confidence which Mr. Barber's July measures had triggered off.

In one respect, however—future profitability—industry's hopes continue to grow. The expected slow down in inflation is obviously the main factor here.

Details, page 10

RETURN ON TOTAL CAPITAL EMPLOYED

	4-Monthly moving total				October 1971		
Those expecting earnings over the next 12 months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
Improve	58	52	58	58	90	83	25
Remain the same	28	32	27	26	2	12	50
Contract	7	10	14	15	8	5	—
No comment	7	6	1	1	—	—	25

Pressure on Labour rebels

BY RICHARD EVANS, LOBBY CORRESPONDENT

FOLLOWING a week-end of intense pressures, the majority of the Labour Party's pro-Market MPs, led by the deputy leader, Mr. Roy Jenkins, are faced with little alternative but to toe the party line and vote against Parliamentary legislation on the Market next year.

Their hope of abstaining in key votes to ensure that Britain enters the EEC was crushed by the Opposition leader, Mr. Harold Wilson, who issued an ultimatum to the 69 "rebels" to vote with the Party in future or face the consequences.

Mr. Wilson's ominous warning, delivered in a tough speech at Huddersfield, carries the probability of expulsion for any further defiance of the Labour whip. It shows his determination to halt the internal conflict that is threatening to tear the Party apart.

Pledge sought

Mr. Jenkins and many of his colleagues have already declared that they will not support the Government's consequential legislation after making their stand of principle in last Thursday's Commons vote, but what is being demanded now is an unqualified pledge that they will not abstain either.

Such a promise would mean a humiliating climb-down for Mr. Jenkins and other pro-Marketeers who have retained their option to abstain in key votes on the grounds that the Labour Party's code of conduct allows abstentions "on matters of deeply-held personal conviction."

The other major move to bring pressure on the pro-Marketeers came from Labour Party chairman Mr. Anthony Wedgwood Benn, who yesterday announced his intention to stand against Mr. Jenkins for the deputy leadership. He also attempted to carry the Market conflict outside the Parliamentary Labour Party.

Mr. Benn wrote to all members of the National Executive recalling their rarely exercised constitutional right to attend the first meeting of the Parliamentary Party after the Queen's Speech (which opens the new session of Parliament to-morrow).

By this means, Mr. Benn clearly hopes to bring additional pressure on Mr. Jenkins from the largely anti-Market trade union leaders on the National Executive.

Benn's reasons

In a statement, Mr. Benn said he was standing for the deputy leadership for three reasons:

1—The British people were entitled to expect that Parliament would not give away basic sovereign rights without expressed authorisation from the electorate.

2—The Labour movement was entitled to have its agreed policies properly represented in the Commons by its elected leaders and not absolutely ignored.

3—Labour MPs were entitled to a leadership loyal to their majority decisions.

He thought the election would be about these basic issues which had to be resolved if the confidence of the Labour movement was to be restored and the divisions between Labour MPs healed.

From his statement, Mr. Benn is appealing to party activists in the country as much as to the Labour MPs who will decide the deputy leadership.

Mr. Jenkins' main hope of success is that he is unlikely to have just a single strong candidate (such as Mr. Callaghan) against him.

Instead, he will face Mr. Michael Foot, who will receive the Left-wing vote of about 90, and Mr. Benn, who could come third in the first ballot to be announced on November 10.

The issue would then be decided on which way Mr. Benn's votes went. Despite the Common Market conflict, more votes from the Centre and Right could go to Mr. Jenkins than to Mr. Foot. Mr. Jenkins can expect over 90 votes on the first ballot.

Further pressure on the pro-Marketeers could come at the end of the five-day debate on the Queen's Speech. Left-wingers will attempt to force the "shadow" Cabinet to table an amendment condemning the Common Market legislation in the Government's programme.

The key passage in Mr. Wilson's Huddersfield speech was when he declared that "no Labour MP can vote for any legislation consequential on Thursday's vote and no Labour MP can abstain on any legislation consequential on Thursday's vote."

To reinforce his words, Mr. Wilson raised the possibility of local constituency parties repudiating MPs who cast votes which meant keeping Mr. Heath and his Government in power.

"No Labour MP has the right to go to his constituency party to defend such a vote," Mr. Wilson declared.

The Opposition Leader said he would meet the Labour Chief Whip, Mr. Robert Mellish, to-day to decide the leadership's attitude to last Thursday's vote and everything else which had occurred in the session which ended last week. Mr. Mellish is to make a personal statement to the Parliamentary Party this week, stating his intention whether to stand for office again.

Mr. Douglas Houghton, chairman of the Parliamentary Party, and M.P. for Sowerby, Yorks, is to be asked to meet his local party executive to discuss his pro-market vote. The executive is concerned about his future voting intentions.

Arduous session

The massive Common Market legislation to be introduced next year will inevitably be the corner-stone of the Government's legislative programme for the coming session to be published in the Queen's Speech to-morrow.

But there are other major Bills that promise to make the coming session the busiest and most arduous for years.

Apart from the Finance Bill next spring, the Chancellor of the Exchequer will be publishing a separate Bill foreshadowing the introduction of the value-added tax. The intention is to present the Bill early in the session so that it can have its second reading before Christmas.

There will also be major legislation on monopolies and restrictive practices. The Monopolies Commission will be given increased scope and powers and the nationalised industries will be brought under its scrutiny.

On the social side, the most important items of legislation will be a Housing Bill based on the July White Paper altering the basis of local government housing finance, and a Bill raising the school-leaving age to 16.

Two of the more complex Bills will be the long-delayed measure to reorganise local government in England and Wales and the Criminal Justice Bill reforming legal procedures.

The Bill introducing local commercial radio is also expected to be included in the Queen's Speech.

Group of Ten talks in Rome

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, Oct. 31.

FINANCE MINISTERS from the world's major trading nations are to make another attempt to solve the international monetary deadlock at a meeting of the Group of Ten in Rome on November 23-24.

Invitations to the meeting are understood to have been sent out by the U.S. Treasury Secretary, Mr. John Conally, who is chairman of the group, shortly before his departure on a tour of South-East Asia.

As usual, the two-day ministerial session is to be preceded by a meeting of deputies on November 22—also in Rome.

The principal aim of the Ministers will be to seek agreement on a new pattern of international exchange rates that would leave the dollar more competitively valued than before and enable the U.S. Administration to lift its 10 per cent. import surcharge and the equally discriminatory investment tax incentive.

As only slight progress was made at last month's very similar discussions between the deputies of the Ten in Paris, the omens for the Rome confrontation do not look particularly encouraging. However it is equally clear that the principal obstacle is less the technical difficulty of working out a satisfactory agreement than the depth of political suspicion between the parties.

Mrs. Gandhi's warning

BY KEVIN RAFFERTY

MRS. INDIRA GANDHI, India's Prime Minister, gave a clear warning last night that India might soon be tempted to take its own action to help the East Pakistani refugees back to their homes if no-one else was prepared to help them back.

India, she said, had always favoured peace, "but there is such a thing as national interest, and we cannot allow our people, our security, to suffer."

Mrs. Gandhi at no stage directly spoke of an attack on the Pakistani troops in East Bengal, but the whole tone of her message to the India League at the Coliseum, London, last night, was that India's patience had been strained beyond breaking point by the presence of 9.5m. refugees.

"People have been saying how long can you stand it. That date has long since passed. I feel I am sitting on the top of a volcano, and I honestly don't know when it is going to erupt. I honestly cannot prophesy what will happen or how we are going to deal with it."

It had been generally assumed that Mrs. Gandhi had come to Britain and other Western capitals to ask for more aid to help care for the refugees. But, according to the firm tone of her address, the question of cash help to India was irrelevant. The only solution to the problem was a political solution by the President of Pakistan, and that solution was not in sight.

Indescribable

"Everybody is busy telling us that we should show restraint. I don't see how we could have shown any greater restraint in the face of this tremendous threat to our stability and security. Where has restraint taken us?"

Mrs. Gandhi claimed: "Every single day brings 30,000 to 40,000 more refugees with new tales of horror, so hair-raising that one can't describe it."

She attacked Pakistani claims that India was manufacturing tales of the numbers of the refugees and the reasons why they had fled.

The reports in the newspapers were not "an Indian version, but the version of eye-witnesses," she said.

India, Mrs. Gandhi stressed, did not have the place, the money or the materials to assimilate the refugees.

The Indian Prime Minister attacked Pakistani claims that India was party to a plot with the outlawed Awami leaders from East Pakistan to break up Pakistan. "We had no contact with any political party there," she said.

Mrs. Gandhi spent Saturday night at Chequers after having talks with Mr. Heath, and to-day Sir Alec Douglas-Home will call on her for further discussions at her London hotel.

In New York, President Yahya Khan of Pakistan was quoted in Newsweek Magazine as saying that war was imminent between his country and India, and that the Chinese would supply his army with "all the weapons and ammunition we need."

Editorial Comment, page 12
See also page 7

ON OTHER PAGES

هكذا من الأصل

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Industrial relations code · Small firms and EEC

Sir,—In John Elliott's interesting and informative article of October 27 he refers to the "mass of comments" Robert Carr has received on the draft Code of Industrial Relations Practice from companies, employers' associations and other bodies.

One of our concerns in The Industrial Society (one of the bodies to which John Elliott refers) is that, perhaps predictably, the many companies that are already individually practising much of what the draft code is preaching are not coming forward in support of it. There is a real danger that the Minister and his advisers will be modifying the code in the light of the criticisms of management pressure groups (with their perfectly legitimate standpoints) without taking into account the silent majority of companies that, taken together, are already doing everything that the draft code advocates.

Certainly the draft code can be criticised, but it would be a tragedy if it were watered down. It should, if anything, be strengthened and extended—not emasculated. Admittedly there is provision for the code to be periodically revised, but the form in which it first appears will set the pattern for the future. It's important to get it as near possible right first time.

Achievement

John Elliott refers to the status quo issue. We are much more concerned about the achievement of change, of which the status quo issue is but one form—a negative and narrow one. The achievement of change, whether in organisation, technology, marketing policies, manning levels, pay structures or whatever, is essential for, at worst, the survival and, at best, the prosperity of individual undertakings and the economy as a whole. It needs to be included in the code, not as a pious hope, but because the Minister says that the code aims to "bring the standards of the majority much nearer those of the best."

There are already collective agreements between companies and unions with clauses to the effect that the company agrees that before implementing alterations to conditions of employment or major changes in established work practices it will consult the unions and resolve any consequent issues through the negotiating procedure. That is how the achievement of change looks in a procedure agreement, but there are of course other ways in which it could be brought into the code, for example in the communication and consultation section.

Patrick Tolfree,
Industrial Relations Department,
The Industrial Society.
Robert Hyde House,
48, Bryanston Square, W.1.

Management teaching

Sir,—The Second Report of the NEDO Management Education, Training and Development Committee (October, 1971) is interesting and valuable and one finding in particular seems worthy of comment.

Appendix D (pp. 10-11) is a plea that a greater volume of public funds should be made available for the support of post-graduate students and that "emphasis should be put on encouraging the post-experience student." The prominency given to the need to attract students with experience is to be welcomed. It seems to us that at the present time far too high a proportion of grants from public funds goes to the support of the immediate post-graduate, sans-experience student, and that this is undesirable not only because it means that the seeds of management learning are falling for the most part on stony and unprepared ground, but equally important because the inexperienced and consequently unexacting nature of his immediate post-graduate audience fails to demand the best standards of the management teacher or to promote them in the teaching method.

If management teaching is to be meaningful and progressive it must be conducted in an atmosphere of critical discussion based on practical experience.

T. E. A. K. Jackson,
Principal of the College and Doyen of the School of Management Studies,
The St. Helens College of Technology.
St. Helens, Lancs.

A call for smelly gas

Sir,—Why do we humans often look for complex solutions to simple problems? Your October 27 Technical Page reported on a device which gives warning when natural gas concentration rises to a dangerous level in flats, offices and homes. While the device does, as stated in the article, have application in industry, it is far more expensive and less reliable than the human nose for home and other applications where people are normally present.

In at least one other country, small but non-toxic amounts of foul-smelling mercaptans are injected at the works into natural gas for commercial and home use. With normal combustion, there is no objectionable smell; when there is a piping leak, or when the flame unexpectedly goes out, humans (and the local gas board) soon know about it!

How many gas mishaps must occur before this simple, effective method is universally applied in Britain?

Leonard Hollander.
"Hollow Dene," Chilworth Road, Chilworth, Southampton.

Transport in rural areas

Sir,—Ours is indeed an odd Welfare State. We provide doctors, hospitals, clinics, libraries, community centres, swimming pools, old peoples' clubs and numerous other services, yet we do not provide the means of getting to them. Even those bus services still running are on a downward spiral because the fares are so high.

I know people in this village in their 70's who walk the two miles into Stroud because they cannot afford bus fares out of their pension. Where there are no services, or they are so infrequent as to be useless, people have to hitch-hike, which is a very dangerous way of travelling, especially for young girls. Only yesterday I picked up an old lady walking to her doctor for a prescription. She admitted it was a great effort as she suffered from a spinal complaint, but had no one to send.

Most legislators, be they local councillors or MPs, are car owners and have no idea what it is like trying to get about without one. It is easy to talk about getting lifts but difficult to find someone going to a specific place at a specific time. Anyway, most people dislike asking favours.

I think anyone who has any influence on transport policy should try doing without a car for a month, preferably living in a fairly remote village. He would then realise that a National Transport Service is as necessary as a National Health Service.

The car is a great liberator for those who can afford it. Their liberation is, however, at the expense of poorer and weaker members of the community. As Mr. Norton pointed out, car owners are subsidised because so many huge items are paid for out of general taxation. Public transport is costed differently and must "pay." In other words, our way of life is distorted because of problems of accountancy and semantics.

Surely we should start thinking again about the whole problem, from first principles.

(Mrs.) H. M. Derrick.
The Change, Randwick, Stroud, Glos.

East Pakistan refugees

Sir,—Your New Delhi Correspondent reports (October 27) that Mrs. Gandhi "will ask Western leaders somehow to use their influence with the Pakistan Government to secure a change of policy which will enable the return of refugees."

Perhaps, Western leaders will use their influence with Mrs. Gandhi to secure a change of the Indian Government's policy of initiating, instigating and assisting guerilla operations from Indian territory.

What is holding back the refugees is the constant shelling by Indian artillery across East Pakistan's borders and guerilla operations, in the words of your correspondent, "being launched with the concurrence of Indian authorities."

So far as the Pakistan Government's policy is concerned, it has sought to reassure all Pakistani nationals who crossed over to India by proclaiming general amnesty. It has urged them to return and has set up reception centres from where to take them to their homes and arrange for their relief and rehabilitation in co-ordination with United Nations agencies. It has accepted the UN Secretary-General's proposal of stationing UN observers on the borders of East Pakistan and India to supervise the return of refugees. It has offered to withdraw troops to mutually agreed distances to defuse tension. It has welcomed the UN Secretary-General's offer of good offices and invited him to visit India and Pakistan.

What steps, one might ask, has the Indian Government taken to encourage the repatriation of refugees? By exacerbating tension on the border, by indulging in virulent hostile propaganda, by rejecting direct talks with Pakistan, by openly abetting forces seeking to dismember Pakistan, it has sedulously created a situation calculated to inhibit the refugees from returning to East Pakistan.

Abdul Qayyum
Press Counsellor.
Pakistan High Commission,
35, Lowndes Square, S.W.1.

More ploys in committee

Sir,—While we are on committee ploys, what about the ball-point clicker and the horn-rimmed spectacle-whipper-offer? The latter has almost been replaced by the half-lens-peerer-over-the-topper.

F. H. Smith.
6, Egley Drive,
Mayford, Woking.

High capital investment

Sir,—I wish to take issue with the apparently obvious and innocent remark made by Mr. John Davies as reported in the Financial Times of October 28.

"Mr. Davies said everyone was aware of the relatively low level of industrial investment from which Britain had suffered over many years."

In fact from January 1966 to October 1970 capital investment in plant and machinery has been heavily subsidised by investment grants and before January 1966 we had investment allowances. Since October 1970 the first year capital allowance has been firstly 60 per cent. and is now 80 per cent.

If capital investment has been too low it is certainly not as a result of government neglect. In fact with all these subsidies an objective observer might well conclude that far from being too low our capital investment has been artificially high.

Further support for the view that our capital investment has been too high derives from the fact that interest on capital has been omitted from most cost calculations to ascertain whether capital was cheaper than labour in producing a given output. Interest on capital can be a very material item of cost. With nil scrap value and 3 per cent. interest for 10 years the average interest is more than ⅛th the straight-line depreciation.

With higher rates of interest and high scrap values the interest element will be still higher as compared with the depreciation element in cost. There is nothing sinister about the omission of interest from cost, quite simply hardly anyone knows how to calculate the interest per unit output.

P. L. Griffiths.
41, Gloucester Place, W.1.

Secretaries & statistics

Sir,—May I comment on the article in the Financial Times of October 27 concerning the salary scale, habits and afflictions of secretarial staff?

A worthwhile secretary—irrespective of her age group or place of work—should be able to command a salary equal to the value her employer places on her—not the "average figure" quoted by Alfred Marks, or any other bureau. If she has the ability and sense to render herself invaluable to the business-man-in-her-life, and is not recompensed accordingly, the solution is in her own hands.

Regarding the article's alarming statistics on health and hygiene, are the country's top tycoons really interested in their secretaries' susceptibility to headaches, toothache, and drug addiction? Or in the fact that 38 per cent. bathe daily, and 19 per cent. immerse once a week? And what of the remaining 43 per cent? I like to think they told the compiler of these useless statistics to mind his own business.

Sadie M. Paterson.
9 Monkton Road,
Prestwick,
Ayrshire.

Exhaust fumes in London

Sir,—Mr. Rogaly, in his article on October 20 clearly disagrees with Mr. Ralph Nader's statement regarding the polluted air of London. I fear that Londoners have ceased to be aware of the polluted air in London because they have become so acclimatised that it is now a part of their lives.

I have just returned to work in London after nearly three years in the country. Although it is true that smoke from domestic chimneys has been drastically reduced, I can say quite categorically that vehicle exhaust has made the air almost unbearable. The worst offenders are London Transport, the Post Office and vehicles belonging to industrial companies (for instance diesel engines). I am sure it is this to which Mr. Nader was referring. Positive measures are needed now to prevent London becoming like Tokyo.

C. B. Denning,
19, Complins,
Holybourne, Alton, Hants.

Warning on pollution

Sir,—In your issue of October 21, you reported that Mr. A. I. Biggs, in a paper presented to the Production Engineering Research Association, had *warned* that resources available for pollution abatement were not limitless.

I think that Mr. Biggs and those who think as he does should be *warned* that our planet earth is a sphere, is finite in size and has a capacity for absorbing pollution that is not limitless. Perhaps Mr. Biggs would care to opine as to which side will prevail in the long run.

H. G. Darby.
Lanreath,
Lagham Park,
South Godstone,
Surrey.

EEC and the small firm

Sir,—I should like to add to John Mortimer's comments (October 25) on the effect that joining the EEC is likely to have on Britain's 80,000 small firms. At Enterprise we have just received results of our own inquiry into the attitudes of small firms to the EEC. Broadly, the majority are optimistic, but their optimism is based on knowledge that the small firm stands a good chance of survival, whatever the conditions, because of its flexibility. Despite this natural optimism there is a feeling of frustration because they feel that their case has not really been considered.

This supports Mr. Mortimer's arguments. But perhaps what is even more astonishing is that the Bolton Committee of Enquiry, due to report some time during the next few weeks, was not even asked to consider the possible effects of EEC entry on the small firm. Indeed, it did not even get a brief mention in its terms of reference. Moreover there is very little information available to the small firm, certainly no means of comparison with firms of similar size and product group within the EEC. Apart from occasional visits by CBI teams there is no representation at Brussels for the small firm.

We at Enterprise are trying to persuade this Government to provide the right sort of representation, the right sort of information and the right sort of climate for the small firm. But the first step ought to be to request the Bolton Committee, or what is left of it, to follow up its inquiry with a report on the EEC. And that a sensible deadline be set so that any recommendations to get our small firms on the same base as their counterparts within the EEC could be implemented before final entry. This surely is the least Britain's small firms can expect.

David J. Instance,
Managing Editor,
Enterprise.
Maidstone Road,
Paddock Wood,
Kent.

Small business services

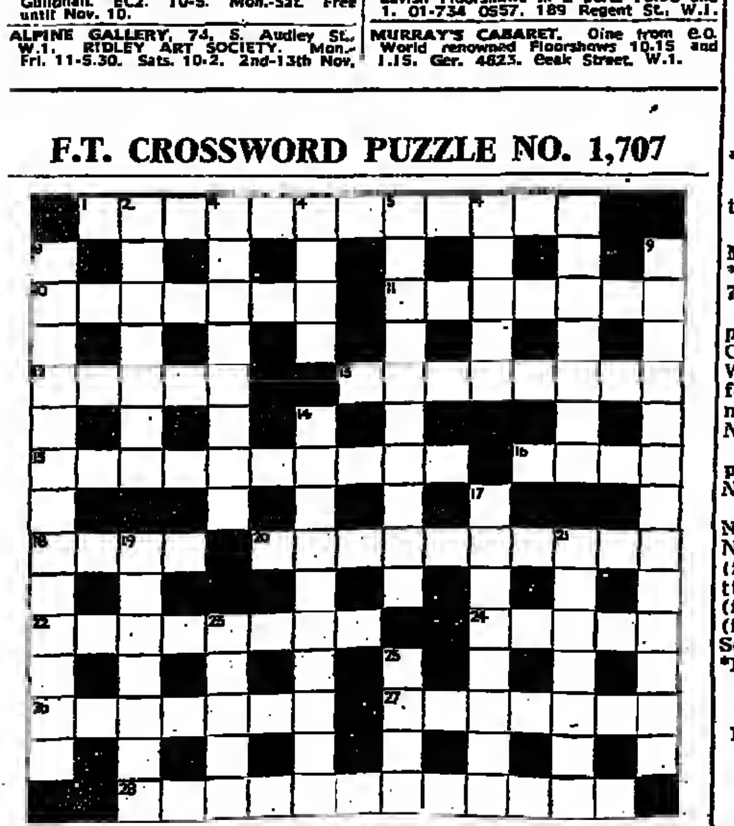
Sir,—I was surprised to read under the above heading (Oct. 28) that there was an unfulfilled demand for a central agency to categorise the "multitude of (management) services available to small firms."

In addition to the BIM register of consultants and HMSO publications on advisory service, the linked network of local productivity associations provides this service for members and non-members alike. Dozens of inquiries per year are dealt with, from "Amalgamation—who can arrange it?" to "Value Analysis—is there a reliable local consultant?" If the information or service is not available in the area, another association is almost certain to have the answer.

In most industrial areas the majority of small firms have been personally contacted to bring the service to their notice, and are circulated at monthly intervals.

J. B. Aldred,
Productivity Officer,
British Productivity Council,
Bristol and Bath Association.
40, Whiteladies Road,
Clifton, Bristol.

F.T. CROSSWORD PUZZLE NO. 1,707



ACROSS

1 Not the Long Parliament creating a minor famine (5, 7)
10 Manage to save the head of the house (7)
11 Booked without getting Edward out of bed (5, 2)
12 Authentic Frenchman goes to the country (5)
13 Don't wish to do any harm during wretched spring (4, 4)
15 Attractive centre at Highbury ends in a sorry state (6, 4)
16 Don't let crocks make a come-back (4)
18 Part of church visible from the cheap seats (4)
20 Bonneted glutton gets a bad bargain (3, 2, 1, 4)
22 A number work steadily with such wool (5-3)
24 Bill Hill is a man of parts (5)
26 Is able to say goodbye to church music (7)
27 Rust no Rolls Royce in 4 displays (7)
28 Colour offensive to the hunt (8, 4)

DOWN

2 Landlord given time to find security (7)
3 Allows back into stream I'd diverted (8)
4 Rules taken care of by editor on his return (4)
5 Evening dress costing £500 . . . (6, 4)
6 . . frequently belonging to X (5)
7 "Our sweetest songs are those that tell of —— thought" (Shelley) (7)
8 Intensive training could be regarded as cheating (5, 8)
9 Request for sweet to be in perfect condition (5, 3, 5)
14 Climbing Everest is a difficult business (6, 4)
17 Rivals' missis who was a "progeny of learning" (8)
19 Fiddlers combined to lay down conditions (7)
21 Overcoat is old-fashioned (7)
23 A long time to muse (5)
25 Look over southern preserve (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

TV/Radio

* Indicates programme in black and white.

BBC 1

*9.38 a.m. For Schools, Colleges. 12.00 Hardy Heating Co. Ltd. 12.50 A Chance To Meet: Rt. Hon. Robert Carr, MP. 1.30 On The Farm: Watch with Mother. 1.45 News. *2.05 For Schools, Colleges. *4.10 Design Education; part 5. 4.35 Adventures of Parsley. 4.40 Jackanory. 4.55 Blue Peter. 5.20 The Witch's Daughter. 5.44 Magic Roundabout.
5.50 News.
6.00 London This Week.
6.20 Entertaining With Kerr.
6.45 Ask the Family.
7.05 Z Cars.
7.30 Now, Take My Wife . . . starring Sheila Hancock, Donald Houston and Liz Edmiston.
8.00 Panorama.
9.00 Nine O'clock News.
9.20 The Troubleshooters.
10.10 Steptoe and Son.
10.40 24 Hours.
*11.15 Road Sense, part 4.

All Regions as BBC 1 except at the following times:

Wales—*1.30-1.45 p.m. Ar Lin Mam. *6.00-6.20 Wales To-day. *6.20-6.45 Party Conference. *6.45-7.05 Heddiw. *7.30-8.00 Fo A Fe.

Scotland—*6.00-6.20 p.m. Reporting Scotland. 10.10-10.40 Castles in the Air. 11.15-11.45 Who Are The Scots?: a search for the origins of the Scottish nation, part 4. *11.45 Scottish News Headlines.

Northern Ireland—*6.00-6.20 p.m. Scene Around Six. 11.42 Northern Ireland News Headlines.

England—*6.00-6.20 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth). *11.42 Regional News Headlines.

BBC 2

11.00 a.m. Play School.
7.10 p.m. Dressmaking, part 5.
7.30 News.
8.00 The Best of High Chaparral.
8.50 Call My Bluff.
9.20 Horizon.
10.10 Thirty-minute Theatre.
10.40 News on 2.
10.45 Late Night Line-Up.

LONDON

10.20 a.m. and 1.40 p.m. Schools. 2.33 This Week. *3.00 Country Visit. 3.10 Judo. 3.40 The Adventures of Rupert Bear. *3.55 Peyton Place. 4.25 Tea Break. 4.55 Lost In Space.
5.50 News from ITN.
6.00 To-day.
6.20 Crossroads.
6.40 David Nixon's Magic Box.
7.30 Coronation Street.
8.00 World In Action.
8.30 Lollipop Loves Mr. Mole.
9.00 The Rivals of Sherlock Holmes.
10.00 News at Ten.
*10.30 The X Film: "The Beast From 20,000 Fathoms," starring Paul Christian, Paula Raymond and Cecil Kellaway.
11.55 Don't You Believe It!: Dr. Christopher Evans talks to Illtyd Harrington of The New Statesman.

All ITV Regions as London except at the following times:

ANGLIA

*3.55 p.m. Katie Stewart Cooks. 4.20 Cartoon Time. *4.25 Anglia Newsroom. 4.30 The Romper Room. 4.55 Flipper. 5.15 Freewheelers. 6.00 About Anglia. 10.30 Probe. 11.05 The Champions. 11.55 New Voices.

ATV MIDLANDS

3.10 p.m. Yoga For Health. 3.35 Tomorrow's Horoscope. 3.40 Women To-day. 4.10 Nanny and the Professor. 4.40 Origami. 6.00 ATV To-day including To-day's MP. 10.30 University Challenge. 11.00 All Our Yesterdays.

BORDER

3.40 p.m. Farmhouse Kitchen. *4.08 Border News Headlines. 4.10 Nanny and The Professor. 4.40 Origami. 4.55 Pippi Longstocking. 5.20 Freewheelers. *6.00 Border News and Lookaround. 6.15 University Challenge. 10.30 The Avengers. 11.25 The Odd Couple. *11.57 Border News Summary.

CHANNEL

4.05 p.m. Anita in Jumbleland. 4.20 Puffin's Birthday Greetings. 4.25 Yoga for Health. 4.50 Bush Boy. 5.15 Freewheelers. 6.00 Channel News and What's On Where. 6.15 The Flintstones. 10.32 University Challenge. 11.03 The Avengers. 11.55 News and Weather in French.

GRAMPIAN

*3.30 p.m. Grampian News Headlines. 3.33 Cartoon Time. 3.40 The Adventures of Rupert Bear. 3.55 Yoga for Health. 4.55 Land of the Giants. *6.00 Grampian News. *6.10 That Job. 6.35 Cartoon Time. 10.30 University Challenge. *11.00 Katie Stewart Cooks. *11.25 Men Against the Ice. 11.55 Evening Prayers.

GRANADA

3.40 p.m. Searching Youth. 4.05 News followed by Peyton Place. 4.40 Anita in Jumbleland. *4.50 Supercar. 5.15 Freewheelers. 6.00 Newsday. 6.25 Bugs Bunny. 10.30 University Challenge. 11.00 The Winners.

HTV

3.45 p.m. Women Only. 4.15 Tinkertainment. *4.30 Robin Hood. 5.00 Sky Hawks. 5.20 Freewheelers. 6.01 Report West. 6.22 Report Wales. *10.30 Late Night Cinema: "Taste of Fear" starring Susan Strasberg, Ronald Lewis, Ann Todd and Christopher Lee.

SCOTTISH

2.35 p.m. Faces of Power. 3.20 Interval. 3.30 Origami. 3.45 Castle Haven. 4.10 Dateline: Early. 4.55 Charlie Brown. 5.15 Freewheelers. 6.00 Dateline: Monday. 6.20 The Flintstones. 10.30 University Challenge. 11.00 Late Call. 11.05 Canadian Short Stories.

SOUTHERN

3.10 p.m. Yoga For Health. 3.35 Tomorrow's Horoscope. 3.40 Women To-day. 4.10 Housepartty. *4.20 Terry Bear. 4.30 The Best of Lucy. 4.55 Voyage to the Bottom of the Sea. 6.00 Day by Day. 10.30 Question Time South. 10.55 The Bold Ones. 11.50 Southern News Extra.

TYNE TEES

2.35 p.m. Portugal—Dream of Empire. 2.55 Interval. 3.10 Pied Piper. *3.15 Play with a Purpose. 3.40 Yoga for Health. 4.10 North East Newsroom. 4.15 Cooking Pricewise. 4.40 Anita in Jumbleland. 4.55 Skippy. 5.20 The Freewheelers. 6.00 To-day at Six. 6.30 Love American Style. 10.30 Face the Press. 11.00 The Prisoner. 11.55 Late News Extra.

ULSTER

4.00 p.m. Yoga for Health. *4.30 Romper Room. *4.50 Ulster News Headlines. 4.55 Adventures of Seaspray. 5.20 Freewheelers. *6.00 UTV Reports. 6.15 F Troop. 10.30 Monday Night with the Rt. Rev. Arthur Butler, MBE, Lord Bishop of Connor. 10.35 Monday Movie: "Them" starring James Whitmore, James Arness, Edmund Gwenn and Joan Weldon.

WESTWARD

3.55 p.m. The Gus Honeybun Show. 4.05 Anita in Jumbleland. 4.20 Westward News Headlines. 4.22 Yoga for Health. 4.50 Bushboy. 5.15 Freewheelers. *6.00 Westward Diary. *6.20 Sports Desk. 10.30 University Challenge. 10.59 Westward Late News. 11.03 The Avengers. 11.56 Faith for Life.

YORKSHIRE

2.34 p.m. Portugal—Dream of Empire. 3.10 Pied Pipers. *3.15 You and Your Child. 3.45 Yoga for Health. 4.05 Calendar News. *4.20 Katie Stewart Cooks. 4.40 Anita in Jumbleland. 4.55 Skippy. 5.20 Freewheelers. 6.00 Calendar. 6.15 Branded. *10.30 Edgar Wallace. 11.30 All Our Yesterdays.

RADIO 1 247m

Time checks, up-to-the-minute traffic reports, and News summaries at 5.30 a.m., 6.00, 6.30, then every hour on the half-hour until 2.30 p.m., 3.00, 3.30, 4.00, 4.30, 5.30, 6.00, 6.30, 7.00, 8.00, 11.00, 12 midnight, 1.00 a.m., 2.00. Weather at 5.32 a.m., 6.02, 6.32, 7.32, 8.32, 5.32 p.m., 6.32, 7.02, 2.02 a.m.

5.30 a.m. As Radio 2. 7.00 Tony Blackburn. 9.00 Jimmy Young. 11.00 Dave Lee Travis. 1.00 p.m. Johnnie Walker. 3.02 Terry Wogan. 5.00 What's New. 6.00-10.00 As Radio 2 (Radio 1 on VHF and 247m between 10 p.m. and 12 midnight). 10.00 Sounds of the 70s. 12.00-2.02 a.m. As Radio 2.

RADIO 2 1,500m; VHF

News summaries at 5.30 a.m., 6.00, 6.30 (VHF and 247m) 7.00, 7.30, 8.00, then every hour on the hour until 3.00 p.m., 3.30, 4.00, 4.30, 5.00, 5.30, 6.00, 6.30, 7.00, 8.00, 10.00 (1,500m), 11.00, 12 midnight, 1.00 a.m., 2.00. Weather at 5.32 a.m., 6.02, 6.32, 7.02, 7.32, 8.02, 9.02, 5.32 p.m., 6.32, 7.02, 2.03 a.m.

5.30 a.m. News. 5.32 Breakfast Special. 8.27 Racing Bulletin. 8.55 Pause for Thought. 9.02 Pete Murray's Open House. 11.02 Morning Story. 11.15 Waggoners' Walk. 11.30 Tony Brandon: midday mixture of words and music. 2.02 p.m. Woman's Hour. 3.02 Terry Wogan. 4.15 Waggoners' Walk. 4.31 Sports Desk. 4.33 Charlie Chester: music, letters, stars on disc. 6.02 Album Time. 6.50 Sports Desk. 7.03 After Seven: Michael Parkinson: entertainment in words and music. 8.02 Jimmy Tarbuck. 8.30 Bill McCue says It's a Fine Thing to Sing. 9.00 Country Style: Nashville Special: from the 1971 Country Music Convention in Nashville, Tennessee, featuring interviews and records. Radio 2 on 1,500m and 202m only between 10 p.m. and 12 midnight (202m Edinburgh, Glasgow, Dundee and Aberdeen) 10.02 Late Night Extra, including Sports Desk at 10.15. 12.00 Midnight Newsroom. 12.05 a.m. Night Ride. 2.00 News.

RADIO 3 194m, 464m; VHF

7.00 a.m. News. 7.05 Morning Concert: Beethoven, Paderewski, Mozart, Haydn, gramophone records. 9.00 News. 9.05 This Week's Composer: Schumann on gramophone records. 9.45 Talking about Music. 10.15 Orchestral Concert: Vaughan Williams, Beethoven, Janacek, gramophone records. 11.05 Taverner: choral music. 11.40 Orchestral Concert: Beethoven, Busoni, Prokofiev, Dvorak. 1.00 p.m. News. 1.05 BBC Lunchtime Concert: Schumann, Debussy. 2.00 Showcase: Lully, Berlioz, Martinu, gramophone records. 2.45 Haydn Quartets. 3.40 Interval: talk. 3.55 Quartets, part 2. 4.20 Pied Piper. 4.40 Music from Russia. 5.05 Organ Recital. 5.45 Bandstand. 6.15 Concert Calendar. 6.25 Programme News and Stock Market Report. 6.30-7.30 Study on 3: 6.30 Vient de paraître, part 5. 7.00 Amici buona sera! 7.30 BBC Symphony Orchestra at St. John's, Smith Square, London, part 1: Stravinsky, Haydn. 8.25 Ideology and Science: Science in Christian Perspective: talk. 8.45 Concert, part 2: Haydn. 9.25 Annie Fischer: Mozart, Beethoven, Schumann. 10.30 The Morte D'Arthur by Sir Thomas Malory. 11.00 Jazz in Britain. 11.30 News Summary.

RADIO 4 330m; VHF

6.25 a.m. News Summary. 6.27 Farming Week. 6.45 Prayer for the day. 6.50 Regional news, weather and preview. 7.00-8.45 To-day: magazine. The News. 7.40 Today's Papers. 7.45 Thought for the day. 7.50 Regional news, weather and preview. 8.00 News and more of To-day. 8.40 Today's Papers. 8.45 The Pink Widow: story. 9.00 News. 9.05 Start the week with Richard Baker. 9.35-10.15 For Schools. 10.15 Daily Service. 10.30-12.00 For Schools. 12.00 You and Yours. 12.25 Desert Island Discs. 12.55 Weather, preview and news. 1.00 The World at One. 1.30 The Archers. 1.45 Listen with Mother. 2.00-3.00 For Schools. 3.00 Afternoon Theatre. 4.30 Story Time. 5.00 PM: News magazine. 5.50 Regional news, weather and preview. 6.00 News. 6.15 The Secret Life of Kenneth Williams: Chapter 3. 6.45 The Archers. 7.00 News Desk. 7.30 My Word! 8.00 Johnny's Jaunt in the Pacific: Johnny Morris goes island-hopping across the Pacific Ocean, part 6. 8.30 Closing Doors: play. 9.38 The Battle of St. Ann's: documentary about slums in Nottingham. 9.59 Weather. 10.00 The World Tonight. 10.45 Teaching Teacher: enquiry about training. 11.00 A Book at Bedtime. 11.15 News. 11.31 Market Trends.

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Racing

Simian on trial

by DARE WIGAN

NOW THAT the curtain has rung down on the 1971 flat racing season the jumpers will have the field to themselves for approximately four months, though it cannot be said that to-day's two meetings under National Hunt rules, at Lingfield and Leicester, are calculated to bring about large-scale absenteeism from work.

However, if *Simian* were fit following a long absence from the racecourse I would expect him to carry 12 stone 7 lbs to success in the Lullenden Handicap Chase (1.45) at Lingfield. Last season *Simian* ran only twice; first, when fourth behind *Chatham*, *Straight Fort* and *Black's Bridge* in the Mackeson Gold Cup at Cheltenham; and then, a month later, when defeating *Royal Relief* at a difference of only 8 lbs in the Massey-Ferguson Gold Cup, also run over 2½ miles at Cheltenham. That was the performance of a high-class steeplechaser.

Tudor Dance, assuming that he jumps as well as he did when running away from his opponents at Wolverhampton last week, ought not to be troubled to win the Wilderwick Novices' Chase (2.15). *Party Man*, though beaten by *Henry Morgan* at Wolverhampton, looks best in the Plaistow Handicap Hurdle (2.45). And *Paddlesworth*, who goes for Div. II of the Chaldon Novices' Hurdle (3.15) in preference to two other engagements, will, I think, vindicate his trainer's judgment.

With *Titus Oates*, *Bighorn*, *Even Keel* and *Goy Trip* included among the entries, there had been the prospect of an informative race for the King George VI Trial Chase (2.45) at Leicester. Unfortunately, the event has cut up badly owing to the firm ground, and though *Even Keel* has yet to win over three miles it is hard to visualise his being beaten by his solitary opponent, *Past And Present*.

Lord Mostyn trains a promising gelding in *Indian Yeldah* who, after winning three hunters' chases last season, began the current campaign by finishing second to *Nom de Guerre* in the Colonel R. Thompson Memorial Trophy Handicap Chase at Southwell. He is the probable winner of the Town Handicap Chase (3.15).

Supermaster, though his three victories last season were achieved over fences, is nevertheless decidedly useful over the minor obstacles and will go well in the Six Hills Handicap Hurdle (1.45), though it is questionable whether either he or *Hally Percy* will be able to contain *Marshal Who*, from R. Akehurst's Epsom stable.

Firearm is a strong tip for Division I of the Quorn Novices' Hurdle (2.15), and I see no reason why *Crumlin* should not extend his winning sequence to five by taking Division II of this event (3.45).

LINGFIELD

12.45—Lord Lear
1.15—Rough Silk
1.45—Simian
2.15—Tudor Dance***
2.45—Party Man*
3.15—Paddlesworth

LEICESTER

1.15—Pinipeg
1.45—Marshal Who**
2.15—Firearm
2.45—Even Keel
3.15—Indian Yeldah
3.45—Crumlin

Talks to-day on Liverpool Airport future

THE FUTURE of Liverpool Airport, which is losing more than £400,000 a year, will be discussed at a special meeting of the corporation's transportation and basic services committee to-day.

The committee will examine special reports and surveys undertaken by efficiency and market research experts which in one case has cost £28,000. Alternatives include closure, which could cost £431,000 in repayment debts over 30 years; or development including a new airport terminal along the £4m. two-mile runway, estimated at an annual loss of £1½m.

A request for Government aid was turned down a year ago with a suggestion that other local authorities could be asked to share the burden.

One view expressed was to close the airport but keep the new runway in condition against the time of saturation at other airports which would direct traffic to Liverpool

Donaueschinger Musiktage

by DOMINIC GILL

Donaueschingen lies on the southern edge of the Black Forest, 60 kilometres or so from Freiburg, and within an easy hour's drive from Zurich: a pleasant, unremarkable South German town, quiet and well regarded as a tourist's overnight stop, its supermarket only newly built, its gentle provincial skyline disturbed only by three large buildings—the magnificent Schloss Fürstenberg, with its Donauquelle, its lakes and park; the sprawl of the family brewery nearby; and the twin towers of the lovely Bohemian-baroque church of St. John.

But for the musician at least, Donaueschingen has special significance as the venue of one of Europe's oldest and least provincial festivals of new music. Half a century ago, in July 1921, a committee chaired by Richard Strauss and including among its members Ferruccio Busoni, Arthur Nikisch and Hans Pfitzner, unveiled there the first of the "Donaueschinger Kammermusikaufführungen"—a festival of chamber music to which composers of every colour and allegiance were invited to submit new works. And since 1921, Donaueschingen has continued to provide its yearly showcase for the established—and not so established—avant garde. After the war, under the devoted direction of Heinrich Strobel, the festival began a new and fruitful period of expansion in association with the Fürstenbergs and the South German Radio of Baden-Baden, enlarging its scope to include not only chamber works but all kinds of new music. Hindemith and Stravinsky (and more recently Stockhausen), as well as the conductors Scherchen and Rosbaud, are the great names most intimately associated with the *Musiktage*; but a host of others since and beside these have all played their essential part.

*

That first programme of 1921 contained (as programmes at festivals of new music notoriously do, and inevitably must) the names of composers who were soon forgotten, even if their share in the encouragement and practice of the music of their day was often considerable: who has heard now, for instance, of Franz Philipp, Karl Horwitz or Rudolf Peters? But there were other names too, in the same programme and in the same milieu, which have stood the test of time in an age still publicly tuned to 19th-century notions of masterminds and masterworks: Paul Hindemith (whose third string quartet was first performed in the second concert), Alban Berg (the piano sonata op. 1), Ernst Krenek (the Serenade for clarinet and string trio). We may question whether all of these notions have the particular relevance to-day that they once did; but there is no doubt of the vital role played by such festivals as Donaueschingen—and Graz and Paris, which I shall be writing about later in the week—in establishing the milieu, and above all sustaining it in whatever direction it wishes to move.

This year Donaueschingen not only celebrated its bi-centenary, but mourned the death of its director, Heinrich Strobel: and it was left to his successor, Otto Tomek, to pick up the difficult threads of a half-finished programme. He gave us a satisfying and stimulating two days nonetheless, arranging and confirming Dr. Strobel's commissions and adding some interesting ones of his own. The most memorable of these, Stockhausen's new *Trans* for symphony orchestra and tape, deserves an article to itself: I heard it again later in Paris, where it was more confidently and correctly performed than in Donaueschingen — but even there, it was the week-end's most exciting and provoking event.

Surprisingly, there was little evidence of Stockhausen's influence in the rest of the programme. More, perhaps, in the opening event: we gathered in the cold afternoon sun outside the Schloss Fürstenberg to hear the Czech Ivan Parik's *Turmmusik* for wind instruments, tape and bells played from the balcony—10 minutes of simple, sweet sounds mixed at their close with the ringing of bells from all over the town. And then to the Stadthalle for the first concert, which began, aptly, with a homage to Stravinsky: four late works, the T. S. Eliot *Introitus* and the Aldous Huxley *Variations*, together with the two beautiful instrumental settings of Wolf's "Herr, was trägt der Boden hier" and "Wunden trägst Du, mein Geliebter," crystal sharp, unfathomably sad.

Both the pieces which followed the Stravinsky, Peter Michael Braun's *Landschaft* for orchestra and Nikos Mamangakis's *Anarchia* for orchestra and percussion ensemble, seemed in context no more than inoffensive colouristic essays, the first more traditionally cast than the second. But perhaps the context was unfair: each in its own highly competent way tried to consolidate certain avant garde techniques within a fairly predictable orchestral framework. But it hardly seemed to matter after the Wolf songs how Mamangakis's team of percussionists worked their way methodically across their huge battery in front of the orchestra, moving from snares, timps and bells to gongs, cymbals and blocks to starting pistols and an air-raid siren: the memory of the songs was more powerful even than the smell of cordite that drifted across the hall.

The next morning, a long discussion held in the gleaming copper vat room of the Fürstenberg brewery and televised in colour to an overflow hall was—as such public discussions always are—inconclusive. The subject was "The Symphony Orchestra in the Changing World": accusations and counter-accusations were politely made, most of them at or on behalf of Stockhausen, who smiled and looked serious by turns. We left, and returned to the Stadthalle again, to hear music rather, and look at a film: Klaus Lindemann's *Aventures und nouvelles aventures*, a nicely deadpan surrealist extravaganza with music by Ligeti (the same score we heard at the Round House Prom last month; but then without the film, and as a result rather unkindly overexposed). And also Cristobal Halffter's *Planto por las victimas de la violencia*, an interesting 20-minute work for chamber ensemble and tape which delicately investigated long drawn out semi-tonal and micro-tonal clashes against a backcloth of amplified percussion in the gallery and an amplified piano on stage.

*

A good piece, built with a sensitive ear for subtle changes in layers of sound, and a sure feeling for direction and shape: all the qualities indeed that the first piece of the festival's finale in the huge B-room of the Stadthalle lacked. A three-part pop finale, that began with a shambles of a pop-recipe by Penderecki (mix well, stir with random noise, and boil for 20 minutes) but grew better and better. I rather liked the Don Cherry band's exuberant working out of one basic melodic cell after another—though there was one section in particular of his "Life Exploring Force Music" that reminded me less of life and exploration than of Home on the Range with Cole Porter, Messiaen and Russ Conway. The Soft Machine's three productions, on the other hand, made a grand and savage climax, and included some real, live exploring. No concessions here to pretty tastes: but their claims—and, if you like, also their claim to the milieu—were both serious and unmistakable.

Festival Hall

Kyung-Wha Chung

by GILLIAN WIDDICOMBE

It is now a year and a half since that extraordinary evening when the young Korean violinist Kyung-Wha Chung made her Festival Hall debut at short notice, playing the Chaikovsky concerto. Since then she has become the biggest, most immediate success story of all the bright young musicians like Lupu, Zukerman, Perlman and du Pré. She has recorded the Chaikovsky and Sibelius concertos for Decca, toured with the LSO, appeared on television with the Mendelssohn, and at the Festival Hall has played the Stravinsky, the Bruch *Scottish Fantasy*, and last Thursday the Bruch G minor.

Of all these concertos, I reckon the Bruch and the Chaikovsky to be the most perfectly suited to her style and musicianship. Thursday's Bruch was as stunning as last year's Chaikovsky. Miss Chung has that intuitive, impulsive kind of musical style that makes the Bruch into a lavishly expressive work which makes it seem a substantial concerto instead of a slender fiddler's fancy. From the opening sentence, it was passionate, romantic playing, with superbly arched phrases, with melodic lines that sang sweetly on the higher strings, huskily on the lower.

Her technique is fiercely agile; her attention to woodwind intonation unusually intelligent. But the one truly extraordinary quality is the energy in her playing, which enables her to project long sequences of double-stopping like a shower of darts in sharp formation. The only drawback is when the impulsiveness overflows, and for a few bars she does something incredibly vulgar, like chewing up semiquavers intended as counterpart to the orchestra into yet another solo sequence. In short, she has the ideal concerto temperament. Warmth and force are her strong suits, whereby the Bruch and Chaikovsky. Wit and elegance are less developed, which temporarily withholds the Mendelssohn. It will be fascinating to hear her play the Walton next year. And the Brahms and Beethoven? For those, perhaps rightly, we must wait longer, though her plans outside London may well include them.

Kempe and the Royal Philharmonic provided a discreet accompaniment to the Bruch, and finished the programme with Dvorak's Eighth Symphony. The Dvorak is one of their special symphonies, and they played it firmly, smoothly, and with the kind of lyrical feeling that Kempe releases as quickly as Boulez freezes. The Prokofiev Classical Symphony, which began the concert, is evidently not one of their specialities; nor with Kempe is it likely to become so. His tempo for the first movement was heavy and slow, and the other movements were coated in clumsy ponder. As luck would have it, my Prokofiev score contained detailed markings from an exuberant Russian ballet performance—ironic reminder of the lightness and brightness most commonly associated with this symphony.

Covent Garden

Falstaff

by ELIZABETH FORBES

Zoe Dominic

Peter Glossop and Regina Resnik

Conductors of *Falstaff* at Covent Garden since the First World War have included Serafin, Beecham, de Sabata, Giulini and Solti. The list is a formidable one, enough to terrify anyone who picks up the baton in the Opera House pit to direct a performance of Verdi's comic masterpiece. On the whole Aldo Ceccato, who conducted the revival of Zeffirelli's production on Friday night, came through his ordeal unscathed. His is not a particularly brilliant or witty reading, but it does bring out the marvellous golden autumnal glow that illuminates the opera, and which sometimes gets lost in more dazzling performances.

Zeffirelli's production, now 10 years old, was rehearsed by Ande Anderson. It has got a bit blurred round the edges, and in the first scene at the Garter Inn the comedy has degenerated into farce. But elsewhere the slapstick is held in check, while the sets and costumes look as attractive as ever, and are as beautifully lit. Zeffirelli made a special visit to Windsor Forest to see how the roots of the oak trees grow, and the result of this meticulous attention to detail is still apparent.

Peter Glossop was singing Falstaff for the first time at Covent Garden. He is not a natural comic like Geraint Evans or Tito Gobbi, and one might have imagined that he would feel more at home in the part of Ford. Wisely he did not attempt to copy any of his illustrious predecessors but offered his own unconventional but perfectly valid interpretation. His Falstaff was no "vecchio John" but a man still in the prime of life, with many years of amorous adventure still to come. So one could not feel too sorry for the discomfiture he suffers at the hands of Alice and Meg. On the other hand Ford's jealousy was a great deal more credible than it usually is. Mr. Glossop already has the music well into his voice, and his articulation of the text was mostly good. "L'onore!" needed more bite, and "Quand'ero paggio" more delicacy, but in "Mondo ladro" he found just the right touch of indignant outrage.

The new Ford was Delme Bryn-Jones. He sang his Jealousy monologue with appropriate passion, and when Falstaff returned in his best clothes, could hardly conceal his feelings or restrain his anger. Elizabeth Vaughan began rather tentatively as Alice, with not enough tone to fill out her phrases. But by the time Falstaff arrived for his assignation she was singing with much more firmness. Dramatically it is a part that suits her very well. Joan Davies made a comely Meg, good-humoured and full of high spirits. I had the feeling that like Dorabella she might soon succumb to her suitor's advances.

With the exception of Richard Van Allan's gaunt and haggard Pistol, the rest of the cast was familiar. Regina Resnik still triumphs as Mistress Quickly, though the nods and winks have increased as she finds it harder to make her points by vocal means alone. But no other Quickly can manage "Reverenza!" like she can. Elizabeth Robson as Nannetta and Ryland Davies as Fenton made a charming pair of young lovers, and Robert Bowman as Bardolph and John Lanigan as Dr. Caius, survivors like Miss Resnik of the original performances of the production, completed the ensemble. There was some vivid orchestral playing, especially from the strings.

Fenella Fielding as Colette

The Oxford Playhouse Company's third production of the season will be the British première of *Colette*, a play about the highly controversial life of the celebrated French writer. It opens at Sunderland on November 9, playing until November 13. After this the production visits Manchester (November 15-20), Stirling (November 23-27) and Oxford (November 29-December 11).

Fenella Fielding makes her first appearance with the Oxford Company, playing the title role. Also appearing are John Turner, Barbara Young and John Gould. Director is Tony Tanner.

SPORT: SOCCER ... RUGBY ... TENNIS

West Ham canter home against disordered Palace

BY TREVOR BAILEY

IT IS improbable that West Ham will have an easier match this season than their 3—0 victory at Selhurst Park on Saturday which was achieved without moving into top gear for the whole of the second half. The impression was that the visitors could have increased their goal tally if necessary, as they moved their way sweetly through the disorganised ranks of their struggling opponents.

Since their elevation to the First Division Crystal Palace have failed to win against another London club and on this showing it seems likely that they will retain this unenviable record for some time. They were so disordered that it was difficult to discern even the outline of an overall pattern and one was reminded of a scratch 11 of ordinary players.

They employed the standard back four without disciplined covering, while in mid-field there was Kellard who tried desperately to bring some method to the proceedings, as his three colleagues flittered about uncertainly and often aimlessly. Up front their two strikers, Craven and the new signing from Celtic, Hughes, in the first half, and Craven plus the other Celtic acquisition, Wallace, in the second, formed a twin spearhead of which the point had been blunted to make absolutely sure it could not pierce the West Ham defence.

With little support or service I felt sorry for these centre-forwards, of whom Wallace promised most. Hughes looked far from match fit and Craven became so frustrated with a general lack of progress that he spent much of the game on the ground and his personal contribution was negligible.

In complete contrast West Ham's tactics were not only easy to interpret, but—far more important—were understood by the players themselves, which is one of the main reasons why they beat Liverpool last Wednesday and are currently enjoying such a good season. Their back four, in which Taylor was especially outstanding, plays very wide and somewhat square. Though this leaves them slightly vulnerable against a team with hard-shooting, fast-breaking inside-forwards, it does mean that they are well placed to develop an attack out of defence because, with never more than one opposing winger in the vicinity, there is always at least one member of the quartet completely unmarked.

Their mid-field trio, the rampaging Bonds on the right, the goal-conscious Robson in the centre and the powerfully built Brooking on the left, were able to camouflage a certain lack of subtlety thanks to the splendid running off the ball by their colleagues which meant there was always someone in a good position to receive a pass. Here, indeed was the biggest difference between the two teams. The Palace players were often forced to hold, thus giving their opponents time to cover, because no one had slid into an unmarked space.

The three West Ham front runners also played wide. Best was on the left flank, the highly promising Coker in the middle and Redknapp on the right wing, which automatically created room when a member of their mid-field brigade broke forward.

It was rather strange to see West Ham led by two coloured players—their leading marksman, Best, and a young colt, Coker. But judging by the number in schoolboy soccer at the moment, I suspect that it will be commonplace in a few years. Coker, making his debut in place of the injured Hurst, opened the scoring with a brilliantly taken, opportunist goal. The other goals came from Bonds who, completely unmarked, nodded home a Robson cross in the first half and after the interval Best hooked home a centre from close in with the Palace defence in tatters.

Although West Ham had good reason to be well pleased with their performance it made a welcome change to see players clearly enjoying themselves, prepared to smile, and even on occasion to laugh. Professional footballers are inclined to forget that, though it is their living, football is a game and as such should be fun.

Cambridge victory gives real boost to Varsity game

BY PETER ROBBINS

EVEN the most bigoted Oxford supporter had to make three admissions on Saturday as Cambridge University beat Northampton 26—13. First, to acknowledge the sublime beauty of the city on a glorious autumn day, next that the University produced rugby of a style that matched the setting and finally, this handsome victory will have given Varsity rugby, fashionably maligned, a real boost.

Perhaps Northampton were tired after their players' involvement in a midweek county fixture, but the truth is that they were never in the game, never looked like winning and never looked the class side one expects them to be.

The team is laden with internationals, but you would never have guessed it. Arneil and Taylor ought to have had a field day but didn't. Lacey and Pearcey should have won more ball at the line-out—they didn't. On a weight-strength ratio Northampton should have pushed the Cambridge pack back by yards. They didn't. In fact, in all phases of the game, Northampton's claims and expectations were hopelessly dashed.

True, in the second half they heeled four times against the head and they also did a lot better at the line-out but by then their play had reached such a stereotyped pitch that this extra possession scarcely mattered. There could not have been a greater contrast in approach and execution. The one quality Cambridge showed was opportunism. All the team grasped every chance to be constructive and even though Steele's contribution in the centre was principally his diagonal kicking, this slotted into a Cambridge pattern.

It looks a well-balanced side and Roger Michaelson, the coach, was well pleased after the match. He is certainly getting the pack doing the right things at the right time and together. They turned quickly when held and moved the ball neatly and rapidly from the maul and ruck. Skinner is a great strength in the front row but it was Wilkinson, the second row forward, who really caught the eye with some excellently timed jumping.

Redmond, the new Cambridge captain, played a much tighter game leaving Edwards and Clayton to range the field. Clayton is small, but dynamic in defence. But then, all the pack tackled well and this was good because Northampton had some hefty men to tackle. Webster at scrum-half has not a great deal of imagination but compensated for this with accuracy and reliability. Occasionally he left himself unnecessarily little time to manoeuvre in defence but he showed sound judgement as did Williams, his fly-half, who kicked well when needed and also gave his three-quarters ample opportunity to run.

Of the three-quarters, Howard was the most artistic and effective. Certainly he, Steele and Berry, the full-back, are a good combination having at their disposal a wide range of ideas and the bravado to try them. Berry, was one of the key players in Cambridge's victory.

Steele dropped a goal, kicked a penalty and converted Phillips' try, all within 21 minutes. Moffatt then kicked a penalty for Northampton, but Howard soon scored from an abortive long throw in the Northampton 25. Steele converted but could not add the points when Beazley scored five minutes before half-time. With Oldham scoring and Moffatt converting, Cambridge had a handsome lead of 22-9 at half-time.

Cambridge tired somewhat in the second half but nevertheless Steele added a further try after two delicate kicks—one by Williams, the other by Howard. Fifteen minutes from no-side, Morris scored Northampton's second try but it came as a gesture after much futility.

Nastase seals week of surprises

BY JOHN BARRETT

IT WAS perhaps fitting that the surprises which pursued the course of the £20,000 Embassy Championships all week at Wembley, should have continued on Saturday, when Rod Laver, the last remaining seed and holder of the title for the past two years, was narrowly beaten in five exciting sets by the effervescent Romanian, Ilie Nastase, who won the first prize of £2,000—£800 more than Laver received.

The winning score—3—6, 6—3, 3—6, 6—4, 6—4—reflects the evenness of a match in which both players produced a remarkable top-spin attack that projected the ball at times like a ping-pong ball, dipping past outstretched rackets, or leaping high out of reach.

Nastase has arrived. All week he had shown glimpses of a greatness that matched the virtuosity of Laver himself as he measured Roy Emerson, John Newcombe and Tom Gorman in successive rounds. In the final, he out-Lavered Laver and in doing so drew gasps of admiration from the packed stadium and wry smiles of appreciation from the master himself.

His victory course was hardly smooth. In fact, after splitting the first two sets, Laver appeared about to dominate his opponent as he broke service in the second game of the third set with a top spin lob that left the Romanian stranded. This coincided with a patch of loose concentration from Nastase which swept Laver to 4—1. Two more service games each gave him the set to 6—3 and it seemed that Nastase's well of inspiration had run dry.

However, it was Laver's turn to lose concentration and, instead of smiting some shortish second serves for mighty winners as is his want, he fluffed them repeatedly.

The breather allowed Nastase, as it were, to recharge his batteries and three wonderful rallies in the tenth game of the fourth set robbed Laver of his advantage.

The final set moved inexorably towards its climax with four services held each way and Nastase recovering from a bad start in the ninth game to win a fifth. As they changed ends, Laver slumped in the chair to towel himself down, conscious that the crisis had come.

At 30—all Laver leaped high to his right and mis-hit a backhand volley into the net to bring Nastase's first match point. Laver probed deep with his first serve and advanced to the net against Nastase's safe return. He tried to execute a stop volley from the backhand side across the court but it fell halfway up the service court and Nastase had spotted it. He sped wide to his forehand side and going full tilt, lashed at the ball to project a screaming top spin forehand past the immobile Laver. It could hardly have ended in a more fitting or brilliant fashion.

Earlier, Billie-Jean King had taken the £1,000 prize in the ladies' event by thrusting back the determined challenge of Françoise Durr, of France, 6—1, 5—7, 7—5.

This was a match of strange contrasts, dominated at first so completely by Mrs. King that it seemed she would score a runaway victory. During the course of the first set Miss Durr could do little to prevent a stream of winners flowing from the racket of the aggressive American whose volleys had particular penetration

When Mrs. King served at 5—4 in the second set with the new balls, and moved serenely to 40—0, the seats began to empty. Suddenly Miss Durr found three good passing shots and, after saving an advantage point against her as well, she broke serve for 5—5. In a trice it was set-all with Miss Durr stalking proudly about the court with that determined bob of the head so reminiscent of Maureen Connolly in full cry. Now Miss Durr was in the ascendent and when she broke for 4—2 and held for 5—2, yet another upset seemed about to happen.

Indeed, as Miss Durr moved to 40—30 in the ninth game—match point—it seemed a certainty. However, with the whole court at her mercy, she nervously batted a forehand volley to allow Mrs. King another chance. She took it beautifully on her third advantage and at once tightened her grip on the match again. Two double-faults from Miss Durr displayed her broken concentration and Mrs. King made no mistake in the 12th game as she served out to 15.

Businessman's Diary

'Instant' hall for Preston

AN "INSTANT" exhibition hall covering at least 60,000 square feet is to be a feature of the 1972 Preston Guild, the trade festival held in the Lancashire town every 20 years. Davies Bryon and Co. is to erect the canvas-roof structure which could reach 90,000 square feet if interest in the Guild continues to grow. It is planned to have 150 stands, half of which have already been sold.

The company has the U.K. rights to the Keespan system of building which was developed by the West German firm of L. Stromeyer in conjunction with the University of Stuttgart. The buildings with their canvas roofs and pvc-coated polyester side walls are designed to withstand changing weather conditions over long periods.

Keespan buildings are booked for the Scottish fisheries exhibition and the Open golf championship next year and they can be erected or dismantled at the rate of 1,000 square metres a day. To run from August 26 to September 9, the Preston Guild was first held in 1328.

Brighton fair selling well

A SELL-OUT of space at next year's Brighton International exhibition and trade fair is expected by the organisers, partly because of the decision to join the Common Market.

In future the event, which is sponsored by local interests and the Federation of Sussex Industries, will aim to attract a greater exchange of Anglo-European business.

More than a third of the previously available space has already been booked and, if necessary, additional space will be used which could double the size of the event. Government enquiries for 1972 include Holland and Australia.

Programmed brewing

WITH some six months to go, Brewex, the International Brewing, Bottling and Allied Trades Exhibition, has 175 companies booked in including some from Germany, Norway and America.

Exhibitors who have so far forecast what they will be showing range from makers of large-scale handling and packaging machinery, through automated soft drinks aggregates, to programmed brewing equipment and sophisticated control methods. Brewex will be at Earls Court, London, from April 17-21.

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Israel Fashion Week (cl. Nov. 3)	Bloomsbury Centre Htl., W.C.
To-day	Research and Clinical Lab. Equip. Ex. (cl. Nov. 5)	U.S. Trade Center, S.W.
Nov. 2—4	Welsh Packaging and Plastics Show	Sophia Gardens, Cardiff
Nov. 4—19	Careers '71 Exhibition	Bingley Hall, Birmingham
Nov. 9—11	Pharmaceuticals, Toiletries and Cosmetics Exhn.	Old and New Hortic. Halls
Nov. 10—13	Annual Southport Antiques Fair	Cambridge Hall, Southport
Nov. 10—20	International Caravan and Camping Show	Earls Court
Nov. 14—18	Intnl. Domestic and Commercial Textiles Exbn.	Mnt. Royal & Mostyn Htls., W.
Nov. 15—17	Leisure and Outdoor Furniture Exhibition	Royal Lancaster Hotel, W.
Nov. 15—19	National Low Cost Automation Exhibition	Belle Vue, Manchester
Nov. 16—18	Italian Fabrics Exhibition	Italian Trade Centre
Nov. 17—27	International Building Exhibition	Olympia
Nov. 21—24	Camping Trade Exhibition	Exhibition Centre, Harrogate
Nov. 23—25	Scottish Electronics Exhibition	Waverley Market, Edinburgh
Nov. 28—Dec. 2	Wholesale Buyers' Gift Fair	Mount Royal Hotel, W.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	International Aerospace Show (cl. Nov. 3)	Nagoya, Japan
Current	International Household Fair (cl. Nov. 15)	Charleroi, Belgium
Nov. 3—5	European Fashion Fair	New York
Nov. 3—14	International Motor Show	Turin
Nov. 6—9	Clothing Textiles Trade Fair	Milan
Nov. 6—14	International Caravan and Winter Sports Show	Brussels
Nov. 8—13	International Furniture Fair	Utrecht
Nov. 9—13	Intnl. Shipbuilding, Marine & Port Equip. Exbn.	Amsterdam
Nov. 11—17	International Book Fair	Belgrade
Nov. 13—21	International Bathroom Show	Stockholm
Nov. 14—19	Anti-Pollution Exhibition	Milan
Nov. 15—18	National Business Show	Montreal
Nov. 16—25	British Agricultural and Food Processing Exbn.	Tel Aviv
Nov. 17—23	Communal Catering Exhibition	Basle
Nov. 18—28	International Building Exhibition	Paris
Nov. 20—28	International Cycle and Motor Cycle Exhibition	Milan
Nov. 22—24	Camping, Outdoor Sports and Furniture Exbn.	Brussels
Nov. 22—27	International Machine Tool Exhibition	Zagreb, Yugoslavia
Nov. 23—26	International Clothing Textiles Exhibition	Frankfurt
Nov. 25—29	Furniture Show	Brussels

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
To-day	IPM: Computer Personnel in Management	Cannock, Staffs.
Nov. 2	Institute of Directors Annual Conference	Royal Albert Hall, W.
Nov. 2—3	Metrication Board: Going Metric—Engineering	Mayfair Theatre
Nov. 2—3	Brunel University: EEC—Problems & Opportunities	Centre Airport Htl., Heathrow
Nov. 2—4	BCE: National Building Maintenance Conference	Royal Garden Hotel, W.
Nov. 4	Method Development Group: Job Evaluation	Woodhouse Square, Leeds
Nov. 4—5	Training for Business: Microfilm Methods	Bloomsbury Centre, Htl., WC1
Nov. 4—5	InComTec: Investment Appraisal	The Criterion, W.
Nov. 4—5	BIM: Management by Objectives	Richmond Gate Htl., Surrey
Nov. 4—6	Inst. of Work Study Practitioners Annual Conf.	Hotel Majestic, Harrogate
Nov. 8	Gillett Bros.: Competition and Credit Control	Savoy Hotel, W.C.
Nov. 8—11	Central London Poly: Cap. Expenditure Budget	35, Marylebone Road, N.W.1
Nov. 8—12	NCB Computer Power: Operations Management	Cannock, Staffs.
Nov. 8—12	P-E Consulting Grp.: Production Management	P-E Centre, Egham
Nov. 8—12	Dunchurch Staff College: Accounting Systems	Dunchurch, Rugby
Nov. 8—19	Engineers' House: Basic Work Data	Clifton Down, Bristol
Nov. 9	Industrial Society: Suggestion Schemes	Rembrandt Hotel
Nov. 10	James Morrell: Britain and the Common Market	Hilton Hotel, W.
Nov. 10	Building Research Station: Sound Insulation	Garston, Watford
Nov. 10—11	Management Studies Centre: Practical Pricing	Piccadilly Hotel, W.
Nov. 10—11	IPC Bus. and Ind. Training: Technology for Profit	Connaught Rooms, W.C.
Nov. 10—11	Iford Intnl. Institute: Effective Management	Hilton Hotel, W.
Nov. 10—11	Financial Times: Tax Reform (VAT & Corpn. Tax)	Europa Hotel, W.
Nov. 10—12	Jefkins: Planning Press Relations	Connaught Rooms, W.C.
Nov. 11	Inst. Mktg.: Construction—Opportunities in France	Kensington Close Hotel, W.
Nov. 16	Nat. Inst. Ind. Psychology: "Man at Work"	Congress House, W.C.1.
Nov. 16—17	MCL: Stock Control and Reduction	Prince of Wales Hotel, W.
Nov. 17	London Chamber Commerce: Office Environment	Elizabeth Suite, E.C.
Nov. 17—20	Strategic Management: Integrated Marketing	Royal Bath Hotel, Bournemth.
Nov. 18	Inst. Chart. Secs. and PERA: Going Public	Melton Mowbray
Nov. 19—21	Bristol University: Buildings for Agriculture	Tyndall Park Rd., Bristol
Nov. 22—26	Harry Mitchell: Incentives Course	Beeston, Nottingham
Nov. 23	Fin. Techniques: Managing the Smaller Company	Brown's Hotel, W.
Nov. 24	BSC: The Industrial Relations Act and After	Royal Lancaster Hotel, W.
Nov. 24	Planned Action: EEC Industrial Integration	St. Ermyn's Hotel, S.W.
Nov. 24—25	Investors Chronicle-Financial Times: Unit Linked Investment and the Public	Inn on the Park, W.
Nov. 24—25	Guardian Bus. Servs.: Decision Techniques	Challoner Club, S.W.
Nov. 24—26	Clark Johnston: Managing Computer Staff	Kenilworth Hotel,
Nov. 25—26	Ed. for Bus. and Ind.: Management Controls	Rembrandt Hotel, S.W.
Nov. 28—Dec. 2	Wales Int. Mngt.: Managing Corp. Finance	Angel Hotel, Cardiff
Nov. 29—30	School of Bus. Admin.: Presentation of Accounts	Coburg Hotel, W.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—
Decca, Winchester House, E.C., 11.30.

BOARD MEETINGS—
Finals—
Hepworth (J.).
Tricoville.
Interims—
Eser Ready Trust.
Nova (Jersey) Knitwear.
Pickering (Edgar).
Reed International.
Steel Bros.
Tobesoll.

DIVIDEND & INTEREST PAYMENTS—
A.P.V. Holdings Prfs., 2¼, 3¼ pc.
Aerialite Prf., 3 pc.
Artillery Mansions deb. stk., 2 pc.
Associated Book Publishers 6p.
Associated Dairies Prf., 2¼ pc., Do. deb. stk., 3¼ pc.
Associated Television Ln. stk., 5¼ pc.
Atlas Elec. & Gen. Trust deb. stk., 2½ pc.
Ayr 6½ pc Red. 3¼ pc.
Ashton Saunders Pref., 3½ pc. 3¼ pc.
B.E.T. Omnibus Services Pref., 2¼ pc.
Baltic Mercantile and Shipping Exchange deb. stk., 1¾ pc.
Bank of Nova Scotia 22 cts., Do 2 cts.
Barbados 6½pc stk., 3¼ pc.
Bassett (Geo.) Hldgs. Pref., 3¼ pc.
Bate (William) Hldgs. 1.5p. Prefs. 2½, 3½ pc.
Berner (Leon) Ord. 1.25p.
Birkenhead Corp. 7 pc Red. stk., 3½ pc.
Bishopsgate Trust deb. stks. 2¾ pc. 4¼ pc deb. stk 2¼ pc.
Boulton and Paul Prefs., 2½, 2¼, 3½ pc.
Brighton Corp. 6½ pc Red. stk. 3¼ pc. 2¼ pc stk., 1¼ pc.
Bristol 3½ pc deb. stk., 1¾ pc.
British Electric Traction deb. stk., 2¼ pc.
British Empire Securities and Gen., 0.55p.
British Gas 3 pc Gtd. stk., 1½ pc.
British Invests. Pref., 2¾ pc.
British Match Pref., 2¼ pc.
British Shoe Corp. Pref., 3¼ pc.
Brixton Estate deb. stk., 3¼ pc.
Burndene Invests., 0.75.
Cables Invest Tst. deb. stk., 3 pc.
Cameron (J. W.) Prefs., 2½, 3 pc.
Canadian Imperial Bank of Commerce. 1d cts.
Cape Town and Dist. Gas Light and Coke Pref., 2¼ pc.
Centurs Secs. 1p.
Chase Manhattan Corp. Cnv. Cap. Notes 2¼ pc.

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Continued in next column

CINEMAS—Cont'd.

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BUSINESS OPPORTUNITIES

[illegible]

PLANT AND MACHINERY

[illegible]

THE WEEK IN THE COURTS

Conflicting decisions create uncertainty

BY JUSTINIAN

THERE are inevitably times when parts of the law are in a state of uncertainty, not because of indecision by the courts but rather because either there are conflicting judicial decisions or a rule of law is subjected to such criticism that it is not likely to survive for long.

Whereas share-dealers indulging in tax avoidance schemes at least know (as a result of two parallel House of Lords decisions on October 21) where they stand—even if the Revenue seems finally to have got a grip on such long-standing devices as dividend-stripping — house-sellers and estate agents must feel confused by recent activities of the courts.

Six months ago in *Burt v. Claude Cousins and Co.* the Court of Appeal, by a majority, laid down the law about the recovery of deposits made by prospective house-purchasers when the proposed sale falls through. The Court held that when a purchaser pays a deposit to an estate agent, in the course of negotiations before any contract of sale is concluded, there is clearly an implied promise by someone to repay it. Since an estate agent to whom a deposit is paid is usually appointed by the vendor, the agent must account for that sum when the negotiations prove abortive, and if the estate agent defaults the prospective vendor becomes liable.

Just solution

It might be thought that this ruling is unjust: and that the *just* solution would be to see which of two innocent parties (vendor or purchaser) should bear the whole or part of the loss incurred. Such an appeal to justice was enough for Lord Denning who dissented in Burt's case. And last week in *Borrington v. Lee* Lord Denning again fulminated at the insistence of the law on abiding by the rule. But as Lord Justice Stephenson put it: "What might be thought timorous subservience to judicial precedent was preferable to the uncertainty which could be reintroduced into the law by the holder work of demolition and restoration."

Fortunately the judges in *Borrington v. Lee* were able to find a number of factors that were not present in *Burt's* case. The most important was that the estate agent had received the deposit, not as the vendor's agent but as "stakeholder." To receive the money in the latter capacity is to involve the estate agent in a personal liability to return the money to the depositor whenever he demands it during the pre-contract stage. If he defaults on any claim, it is no use the potential purchaser looking to the prospective vendor.

Until the House of Lords or Parliament conclusively resolves this knotty problem, at least advice can be clear. House-purchasers, in the pre-contract period, should pay any deposit (if asked to make such a deposit) to the estate agent as the prospective vendor's agent, and not as stakeholder. That will give him the additional right to sue the prospective vendor should the estate agent renege. Prospective sellers should, on the other hand, protect themselves by insisting that any deposits in the hands of the estate agent employed to sell the house should be held by the latter as stakeholder.

An extra-legal solution to the problem would be for the professional body of estate agents to establish a fund against which potential house purchasers could claim in respect of the losses suffered from defaulting estate agents. If that were done, the certainty of the present rule of law could safely remain undisturbed.

Two bites

The device of dividend-stripping has taken a long time a-dying. But after two legislative bites at the cherry—in 1925 and 1960—the practice has finally been interred by the House of Lords in two decisions where two differently-constituted divisions of the Court of Appeal had come to opposite conclusions.

F.A. and A.B. Ltd. v. Lupton and *Thomson v. Gurneville Securities Ltd.* have clearly delineated the test whether transactions which can fairly and reasonably be regarded as share-dealing transactions resulting in the acquisition of shares by a company as a dealer in shares so that they become part of its stock-in-trade, or whether the transactions could not be fairly and reasonably so regarded. Lord Donovan put the matter most pithily and graphically. A transaction whereby shares are purchased is not a trading in stocks and shares if it reflects merely the planning and execution of a raid on the Revenue, using the technicalities of the tax law and company law as the weapons of fiscal war.

The ordinary trader in stocks and shares makes his purchases on the attractiveness of the investments as a merchantable commodity: the soundness of the underlying assets, the potentiality for growth, the quality of management, investment yield and future profitability. Raids on the Revenue do not possess the quality of such Stock Exchange appraisals.

The extended life given to the dividend-strippers since 1960 resulted from a House of Lords decision in 1962, *Griffiths v J. P. Harrison (Watford) Ltd.* In that case the company ceased to trade as merchants with a trading loss of £13,585. It altered its memorandum of association to enable it to deal in shares, and did a quick dividend-strip (net dividend £15,902, capital loss £15,900) before re-selling and claiming repayment of tax on the aggregate loss of £29,485. The Special Commissioners held that the strip transaction was not an "adventure in the nature of trade." But the majority of the House of Lords said that the Commissioners could not reasonably have come to that conclusion.

Tax advantage

Of the majority, Lord Guest's view that "one has to look at the transaction by itself, irrespective of the object, irrespective of the fiscal consequences" was overtaken by a different lordly voice in *Finsbury Securities v C.I.R.* in 1966. There Lord Morris of Borth-y-Gest said: "There may be occasions when it is helpful to consider the object of a transaction when deciding on its nature. In each of the two cases a shareholder bought shares and sold them, with the object of securing a tax advantage."

Most commentators thought that the Special Commissioners in *Harrison's* case were harshly treated by the House of Lords. Were they not amply justified in considering the strippers' object, and in inferring that to buy something for £16,000 and sell it for £1,000 was not "an adventure in the nature of trade"? The upshot of the two most recent cases is that *Harrison's* case survives by a whisker. Two Law Lords baldly said it was wrong; but the other three, in effect, said it should stand only as "a very narrow decision indeed."

To those intrepid enough to indulge in share transactions which are suspiciously like a dividend-strip the answer is this: A share-dealing will not cease to be so merely because there is inherent in it an intention to obtain a fiscal advantage. But—and it is a big "but"—if the appearance of the transaction leaves the matter in doubt, an examination of its paramount object will always be relevant, and will generally be decisive. For that child's guide to prospective dividend-stripping we are grateful to the delightful and lucid judgment of Lord Simon of Glaisdale, once himself a Financial Secretary to the Treasury in a Conservative administration.

Job turnover threat to clothing industry

FINANCIAL TIMES REPORTER

THE FUTURE health and prosperity of the clothing industry is threatened by its exceptionally high labour turnover, according to a survey published to-day by the Little Neddy for the clothing industry. The results of the survey are being circulated to every company in the industry.

Having studied nearly 300 garment factories employing 75,000 during the four weeks of last February, the report finds that one-fifth of all leavers had been employed for four weeks or less and that two-thirds left within 12 months.

Even though the survey was done at a time when few school leavers join the industry, over two-thirds of all recruits and leavers were under 21.

Most sectors of the industry showed an annual labour turnover of between 41 and 47 per cent. Among the regions, Scotland fared worst with a turnover of 57 per cent., largely because of extreme labour instability in the Glasgow area.

Labour turnover, although slightly lower when expressed in annual terms than the 50 per cent. reached in 1969, was still above the 44.5 per cent. average of the 1965-68 period.

The present unrest in the work-force is not at present leading to any labour supply problem but, the report emphasises, difficulties in recruiting new employees will become acute when the school-leaving age is raised in 1973.

Both recruitment and training are very costly. As a first stage to tackling the problem, the survey reiterates the guidelines set out last June by the Clothing Industry Little Neddy at a national conference which it organised on labour turnover. These recommendations cover recruitment, selection, induction and training procedures. The much needed improvement will, however, only come about if top management takes action.

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Continued from preceding column

Mill Masters Group, Europa Hotel, W., 11.
Telefusion, Connaught Rooms W.C., 12.30.

BOARD MEETINGS—
Finals—
Amalgamated Securities
Berkeley Property & Invest.
British Electronic Controls
Brooke Bond Liebig
Colonial & General Investment Trust
Consolidated African Selection Trust.
Crabtree Electrical
East of Scotland Trust
Fairbairn Lawson
Second Consolidated Trust
Smiths Industries
Interims—
Avarys
Bradford Property Trust
Ceylon Tea Plantations
Grey Electronics
De La Rue
Hambros
Ocean Wilsons
Spink & Son
Uniteo Carriers

DIVIDEND & INTEREST PAYMENTS—
Broadley (J.) 10.
Hall Engineering, 2.25d.
Harmony Gold Mining, 4.49327p.
Lancaster Carpets and Engineering, 3.75p.
Liverpool Grain Storage and Transit. 3p.
Miller (H.), 1.25p.
Pricerite, 0.75p.
Strong and Fisher. 3.75p.

WEDNESDAY, NOVEMBER 3

COMPANY MEETINGS—
Aerialite, Stalybridge, 3.
Amalgamated Tin Mines of Nigeria, 55, Moorgate, E.C., 12.
Dowgate and General Investments, Winchester House, E.C., 11.
Galliford Brindley, Rugby, 12.30.
*Mersey Docks and Harbour Company, Liverpool, 12.
Peters (John) (Furnishing), Sheffield, 12.
West Hartlepool Steam Navigation, Hartlepool, 12.15.
Wingate Investments, St. Alphage House, E.C., 12.
extra-ordinary meeting.

BOARD MEETINGS—
Finals—
Ashbourne Investments
Avonmouth Engineering
Cedar Investment Trust
Flavel (Sidney)
Wade Potteries
Interims—
Alcan Aluminium

Peacock and Nilambe Tea Estates, St. [illegible]
Smith Parkinson and Cole, Bradford, 12.15.
Wilkinson Warburton, Pudsey, 11.30.

BOARD MEETINGS—
Finals—
Green (R.) Props.
Mertonair.
Sale Tilney.
Interims—
Alliance Invest.
Amalgamated Distilled Products.
Carron.
Firmin Sons.
Gleves.
Lead Wrightson.
Pearage of Birmingham.
Porter Lancastrian.
Press (William).
Rubber Regenerating.
Stone-Platt.
Yorkshire Chemicals.

DIVIDEND & INTEREST PAYMENTS—
Aerialite, 1.075p.
Anglo-American Corp. of South Africa. 5 cts.
Anglo-American Investment Trust. 50 cts.
Belfast Corp. 6 pc. Red. stk. 73-75, 3 pc., Do. 6½ pc. Red. stk. 77-80, 3¼ pc.
Blyvooruitzicht Mines. 8.15049p.
City of Aberdeen Land Assoc., 14p.
Consolidated Diamond Mines of S.W. Africa, R1.5d.
De Beers Consolidated Mines Old. (Reg.), 5 cts., Do. Br., 5 cts.
De Beers Industrial Corp. def., 2¼ pc.
Edinburgh & Dundee Invest., 7.25p.
General & Commercial Invest., 1.5p.
Harris (M. & I.), 1.25p.
London Merchant Securities. 1.375p.
Natal Steam Coal, 11.191p.
Richards & Wallington, 1.75p.
Trafford Park Estates, 2.25p.

FRIDAY NOVEMBER 5

COMPANY MEETINGS—
Adwest Group, Dorchester Hotel, W., 12.
Aquis Securities, Clarendon Court Hotel, W., 12.
Bishopsgate Property & General Investments, 41, Bishopsgate, E.C., 11.45.
Chambers & Fargus, Hull, 12.
Dunhill (Alfred), Quaglino's, S.W., 12.
Ea-Lands, 20, Aldermanbury, E.C., 11.30.
Gold & Base Metal Mines, 20, Aldermanbury, E.C., 12.15.
Joncrelg, Great Eastern Hotel, E.C., 10.
Mart Investment Co., 37, Queen Street, E.C., 12.
Paul (W. H.), Derby, 2.50.

Allebone & Sons, 0.5A.
Ayr 6½ pc. Bds. Red. 10.5.72, 3¼ pc.
Beech (Austin S.) Ord. & A. 0.75p.
Berwick Timpo Prf., 2¼ pc.
Birmingham 6½ pc. Bds. Red. 10.5.72, 3¼ pc.
Bognor Regis 6¾ pc. Bds. Red. 10.5.72, 3¼ pc.
Bristol 6¾ pc. Bds. Red. 10.5.72, 3¼ pc.
Brooke Bond Liebig Ln. stk., 3½ pc.
Bryanston Finance. 1.25p.
Camrex (Holdings), 1.8p.
Combined English Stores, 0.375p.
Coran (N.), 1.25d.
Delta Metal deb. stk., 5¼ pc.
Dundee 6¾ pc. Bds. Red. 10.5.72 3¼ pc.
Empire of India Holdings Pref., 2.5p.
Galliford Brindley, 1.75p.
Glasgow 6¾ pc. Bds. Red. 10.5.72 3¼ pc.
Hundleigh Investments, 0.4p.
Jessel Toynbee, 5p.
Kinross Mines, 3.43366p.
Leslie Gold Mines, 2.86139d.
Myers (John) Ln. stk., 4.39p.
Dateling Rubber Estates, 0.65p.
Deul (W. H.), 3.125p.
Refuge Assurance A, 3.5p., Do. B, 1.75p.
Royal Leamington Spa Corp. 6¾ pc. Bds. 1972, 3¼ pc.
St. Helena, 21.17426d.
Sharpe (Charles), 16p.
Solihull 6¾ pc. Bds. Red. 10.5.72, 3¼ pc.
Stewart (J. A.) (Plant), 0.85p.
Waltham Holy Cross 6¾ pc. Bds. 1972, 3¼ pc.
Whitley (George M.), 1.875p.
Winkelhaak Mines, 4.00594p.

SATURDAY NOVEMBER 6

DIVIDEND & INTEREST PAYMENTS—
Arndale Property Trust Ln. stk., 3¼ pc.
Assoc. British Foods deb. stk., 3½ pc.
Bishopsgate Property & General Investments, 4p.
Brent Chemicals International, 0.25p.
Brixton Estate deb. stk., 3¼ pc.
Burton Group Ln. stk., £4.20.
Carpets International deb. stk., 3¼ pc., Do. Ln. stk., 3¾ pc.
Chambers & Fargus, 0.5p.
Courtaulds Prf., 3 pc., Do. Ln. stk., 3¼ & 3½ pc.
Dickinson Robinson Group, 2.5p.
Distillers Ln. stk., 3¾ pc.
Dunhill (Alfred), 4p.
Ellen Road Ring Mill, 1p.
Grampian Holdings, 0.625d.
House of Lerose, 1.125p.
Kant (Great Britain) 8 pc. Part Prf., 2.5p.

[illegible]

COMPANY NOTICES

Notice of Annual General Meeting and Extraordinary General Meeting

Gold Fields

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Consolidated Gold Fields Limited will be held at The Chartered Insurance Institute 20 Aldermanbury London EC2 on Tuesday 23 November 1971 at 11 a.m., to receive the report of the Directors and the accounts for the year ended 30 June 1971 and the report of the auditors thereon, to authorise the Directors to determine the remuneration of the auditors and:

As ordinary business to consider and, if thought fit, to resolve:

1 That a final dividend of 4.4d per share, less tax, be declared on the Ordinary shares.

2 That the following be re-elected Directors of the Company:
(a) Major-General J H S Bowring
(b) Viscount Caldecote
(c) Lord Donman
(d) Mr M Maclachlan

By order of the Board
J R Stewardson
Secretary

30 October 1971

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at THE CHARTERED INSURANCE INSTITUTE, 20 ALDERMANBURY, LONDON EC2 on TUESDAY, 23 NOVEMBER 1971 at 11.35 a.m. (or so soon thereafter as the Meeting of the holders of the 7 per cent. Second Cumulative Preference Shares of £1 each in the Company to be held at the same place on the same day at 11.32 a.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as SPECIAL RESOLUTIONS:

RESOLUTION No. 1

That the regulations contained in the printed document produced to this Meeting and signed for identification by the Chairman be adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association.

RESOLUTION No. 2

That subject to the passing of Resolution No. 1 set out in the Notice convening this Meeting the Articles of Association of the Company be amended by inserting in Article 45 a new sub-paragraph (3) (f) as follows:—
"(f) if the percentage of the equity share capital of a subsidiary which is attributable to the Company (after allowing for the proportionate interest of the Company in any intermediate subsidiary) is less than 100 the same percentage only of the total amounts borrowed by the first mentioned subsidiary shall be deemed to be borrowed moneys."

RESOLUTION No. 3

That
(A) the Gold Fields Share Incentive Scheme set out in the document produced to this Meeting and signed for identification by the Chairman be approved and adopted to the intent that such approval and adoption shall, so far as is requisite operate by way of amendment to the Articles of [illegible]

[illegible]

Consolidated Gold Fields Limited
Registered Office: 49 Moorgate, London, EC2R 6BQ

GUINNESS MAHON HOLDINGS LIMITED

TO HOLDERS OF BEARER SHARE WARRANTS

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING [illegible]

[illegible]

ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED

[illegible]

THOMAS LOCKER (HOLDINGS) LIMITED

[illegible]

ROBERTS ADLARD & CO. LTD.

[illegible]

RICARDO & CO. ENGINEERS (1927) LIMITED

[illegible]

THE THOMSON ORGANISATION LIMITED

[illegible]

COURTNEY, POPE (HOLDINGS) LIMITED

[illegible]

New impetus for electoral challenge to Lynch

BY DOMINICK J. COYLE

DUBLIN, Oct. 31.

THE political wing of the official IRA, Sinn Fein (Gardiner Place), ended its annual conference here to-night reinforced in its determination to mount a major electoral challenge to Mr. Lynch, the Prime Minister, in order to determine what precise support exists within the country for aggressive republicanism.

Its opportunity may, in fact, come much earlier than even Sinn Fein would like—from an organisational point of view—since there are persistent reports here this week-end that Mr. Lynch is considering a snap general election before Christmas.

The Prime Minister has now decided to take on his own back-bench dissidents and the combined Fine Gael-Labour opposition in a major confrontation on November 10 by conceding Private Members time for a motion of no-confidence in his Minister for Agriculture, Mr. James Gibbons.

Mr. Gibbons, formerly Minister for Defence, was a key State witness in the celebrated arms conspiracy trial last year involving the ex-Minister for Finance, Mr. Charles J. Haughey, and three other men. All four accused were acquitted.

The no-confidence motion, in the name of Mr. Liam Cosgrave, the Fine Gael Leader, suggests that Mr. Gibbons misled the Dail (Parliament) in exchanges arising from the alleged arms conspiracy and, accordingly, that his conduct is unworthy of a member of the Government.

Mr. Lynch, for his part, seems determined to stand full square behind his Farm Minister, thus openly challenging the dissidents to vote him down.

The dissidents include Mr. Haughey and another former Minister, Mr. Neil Blaney, both of whom were dismissed by Mr. Lynch. The Prime Minister, at the time, also accepted the resignation of a third senior member of his Cabinet, Mr. Michael O Morain, the Minister for Justice.

Since then, there have been two resignations from the Government's back-benches, and a third MP, Mr. Des. Foley, launched a bitter personal attack on Mr. Lynch at the week-end, charging him with "cowardly posturing" to the British and with "standing idly by" while members of the northern minority were being "murdered."

Sinn Fein (Gardiner Place) seems confident of winning support from the Government, and its President, Mr. Tomas Mac Giolla, put considerable emphasis in his speech to conference this morning on the need to mount a serious and co-ordinated electoral challenge to Mr. Lynch.

WEEK-END SPEECHES

Wilson warns the rebels: now vote with Labour

FINANCIAL TIMES REPORTER

LABOUR'S pro-Common Market rebels were warned on Saturday by Mr. Harold Wilson that they must now toe the party line and vote against the Government's legislation taking Britain fully into the Market.

The Opposition Leader also warned Mr. Heath that the Government had no hope of carrying Britain into the Market on Tory votes alone.

"He cannot carry entry into Europe on Tory terms, in defiance of his election pledges that he would not attempt to do so without the full-hearted consent of the British people, on the basis of the votes of Tory Members of Parliament."

Mr. Wilson, speaking at Huddersfield, said he would discuss the Market vote with the Opposition Chief Whip, Mr. Robert Mellish, to-day.

"We shall decide our attitude about what happened last Thursday, and everything else which occurred in the Parliamentary session which ended this week," he said.

Then he warned: "One thing must be made clear. No Labour MP can vote for any legislation consequential on Thursday's vote; no Labour MP can abstain on any legislation consequential on Thursday's vote. This I made clear at the party conference in Brighton.

"This has been further reinforced by the statement last Wednesday by the chairman of the Parliamentary Labour Party, himself a pro-Marketeer, himself a member who advisedly took the responsibility of swelling Mr. Heath's majority.

"No Labour MP was elected on that mandate.

"No Labour MP has the right to go to his constituency party, or to the wider electorate, without whose support he could never have become a Member of Parliament, to defend such a vote."

Barbara Castle calls for "all-out war" on Tories

MRS. BARBARA CASTLE called on Labour's Europe rebels at the week-end to help wage "an all-out war" against the Government's Common Market legislation.

The "shadow" Employment Secretary warned that it was not enough for the pro-Marketeers to abstain. The real test, she said, was whether they would toe the line and vote against the Government.

Mrs. Castle told a meeting at Skipton, Yorkshire, that if the legislation was pushed through with Labour help "we shall be experiencing coalition government on a scale not known in peace-time since the National Government."

She was "the last person to want a witch hunt" and welcomed statements by Mr. Douglas Houghton, chairman of the Parliamentary Labour Party, and others which, she said, meant they would "fully support," party policy.

"I hope all their pro-Market colleagues will do the same. But this means it is not enough for them to pledge themselves not to go into the Government lobby on the legislation," she declared.

Tory anti-EEC MPs told: back Government

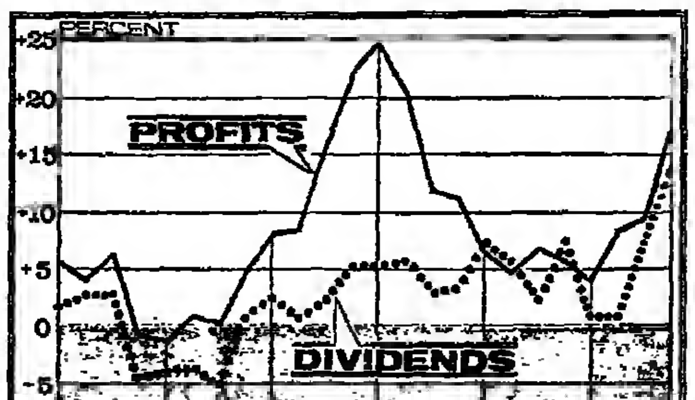
MR. JOHN BOYD-CARPENTER, a former Tory Financial Secretary to the Treasury, has appealed to Conservative anti-Marketeers to realise what harm their continuing opposition, in co-operation with the Labour Party, could do.

Speaking at Southampton at the week-end, Mr. Boyd-Carpenter (C, Kingston-upon-Thames) said that, "as a not very enthusiastic European" he had voted for entry because Britain's future would be better in Europe than if we stayed outside.

But he appealed "to those in our party who took the other view to accept that it is now up to all of us to try to make the new system work as well as possible.

Big rise last month in profits and dividends

FINANCIAL TIMES REPORTER



PROFITS of industrial companies reporting in October showed a substantial improvement compared with the results which have been issued so far this year.

They showed an increase of 16.6 per cent., compared with the previous year, according to the Financial Times monthly analysis of company reports. This was double the rise in the third quarter of the year and well above the average improvement of only 2.5 per cent. for companies reporting to September.

In a month in which the number of reports analysed was comparatively small, the figures were greatly influenced by the results of two leading companies—Great Universal Stores and Carreras. The profits of GUS, which accounted for one-third of the total were only 5 per cent. up, but those of Carreras were nearly 40 per cent. better.

Dividends of industrial companies reporting in October followed the trend of profits, being 13.9 per cent. above the level of the previous year. This shows a considerable improvement on the increase of 9.5 per cent. for the third quarter of the year and the average rise of 7.6 per cent. for companies reporting to September.

Of the leading companies reporting, GUS improved its dividend rate by 2½ points to 42½ per cent. and the dividend rate of Carreras was one point higher at 15½ per cent.

Rise in leisure motoring hits National Parks

THE GROWTH of leisure motoring has "overtaken" the authorities running the 10 national parks in England and Wales and many have scarcely started planning to cope with the "car explosion," says the Ramblers' Association today.

"We cannot avoid the conclusion that the parks have fallen grievously short of the objectives for which they were established," it declares in evidence to the National Parks Review Committee.

While much beautiful countryside had been protected, many intrusive developments had taken place which would have been unthinkable to the people who pioneered the parks concept.

The Association says there are no signs that the Government or park authorities are preparing to adopt a sterner line. The parks will also be seriously affected by the Government's decision to make £50m. available to aid mineral exploration, because they are largely situated on the older mineral-bearing rocks, it adds.

By 1975, the Association warns, the motorway building programme will have increased the number of people within a three-hour journey of an average national park from 11,140,000 to 14,760,000.

London talks on Iceland fishing limits

EXPLORATORY talks will begin in London this week between Britain and Iceland on the declared intention of the Icelandic Government to extend its fishery limits from September next year from 12 miles to 50 miles.

It was agreed to hold the talks "without prejudice" after the visit to London in August of Mr. Einar Agustsson, Icelandic Foreign Minister.

The talks will be at the level of officials and are expected to last all day Wednesday and part of Thursday.

Construction ITB to cut levy

THE Construction Industry Training Board has confirmed it proposes a drop of nearly 22 per cent. in the total levy to be collected in 1972-73.

The levy to be raised under the proposed new rates will be about £17m. compared to about £22m. being raised in 1971-72, as predicted by the Board earlier this year and reported in the Financial Times on May 27.

A £2,000m. portfolio for charity

BY S. A. EBURNE, A MANAGING DIRECTOR OF MORGAN GRENFELL

CHARITABLE funds are those which exist with the objectives of being applied for the relief of poverty, the advancement of education or religion, or other purposes beneficial to the community. Although this definition arose out of an executorship case at the turn of the century, it has been of the greatest significance since then in drawing the dividing line between taxable funds such as those of a proprietary club and the tax free charitable fund.

There are some 77,000 registered charities and 25,000 educational charities in existence in the U.K. at present which are entitled to charitable taxation status. In total, the amount which they spend is now approaching some £400m. a year but this figure should not be considered as the sum generated from the investment of funds.

It is, in fact, an amalgam of investment income, spending of capital for specific purposes or the sale of services, such as fees charged by a public school or rents charged by a housing trust. Approximately, three-quarters of this sum is thought to come from gifts and the sale of services, leaving £100m. which is collected from invested income. As a group, therefore, they are responsible for a not insignificant part of our national expenditure.

Tied up

There is no known way of assessing the total resources of the charities in this country. A major part of their wealth is of necessity tied up in land and buildings required for specific purposes to fulfill their original objectives. However, if the figure of £100m. income is substantially correct it is not unrealistic to take a yield overall of 5 per cent., thus arriving at a figure of £2,000m. as the value of charitable investments alone—by any standard an enormous sum.

Charities can be classified into three major groups for the purpose of considering their investment requirements. First, there is the charity financed entirely by public subscription for an appeal with a specific purpose, perhaps the restoration of a building. Here we have a definite time scale which is known in advance with no requirement for a continuing flow of funds. Two factors should be taken into account if the time scale extends beyond, say, 12 months. These are the effects of inflation on the total cost of the project and the importance of effective money management on the return on the cash raised.

Over the 12 months period, an improvement of ½ per cent. in the yield on a capital sum of £1m. will increase the return by £5,000. On a note of caution, it would be most unwise, even with the temptation of possibly higher yields, for the funds to be placed in any form of investment which matures beyond the time that the capital is required.

Small funds

Secondly, there is the problem of the small charity. In the opinion of this writer, in any fund with investments of under about £100,000 it is not economic to retain expert advice. One medium of investment for such funds is the purchase of units in a unit fund designed specifically for charities, such as the Charities Official Investment Fund. Not only is continuing management given to the portfolio, which can be invested without reference to the Trustee Act, but tax is automatically reclaimed and added to quarterly payments. This eliminates considerable administrative work for the charity.

Thirdly, there are the charities with invested funds of over £100,000, large enough to retain professional management in order to attain their investment objectives.

The typical fund not only requires current income to meet its present obligations but also to foster its capital resources for the future. The greatest problem which faces it, as indeed with most investors, is the need to prevent the erosion of real income in this inflationary age. A conscious balance must be drawn between the interests of those needing income now and those who will require income in the future. This calls for not only the preservation but the growth of 'income generating' capital.

It is very difficult to generalise because of the diversity of objectives, but the average fund should be trying to achieve a rate of return, both capital and income, of some 10 per cent. per annum compound. On a series of conservative assumptions on growth rates and inflation, this could be achieved by the following broad portfolio distribution:

Fixed interest, 30 per cent. (assumed income yield per annum: 8 per cent.).

Equities, 50 per cent. (assumed income yield: 4 per cent.; assumed capital growth per annum: 6 per cent.).

Property, 20 per cent. (assumed income yield: 6½ per cent.; assumed capital growth: 6½ per cent.).

Active management of the fixed interest portion of the portfolio can go some way towards the preservation of capital. This must involve switching between long-dated and short-dated stocks and, on occasion, a willingness to remain out of the market in cash.

The assumed capital growth rate of 6 per cent. per annum on the equity portion is very much a long-term target and, year by year, is likely to show considerable fluctuations. Furthermore, it can only be achieved by a policy of investment in carefully selected ordinary shares with a reasonable degree of turnover, resulting from switching between sectors of the market where the outlook is less favourable to those where prospects for growth are improving.

Property

Although many charities are considerable property owners with advanced techniques of estate management, it may be argued that some charities are neither large enough nor have the administrative machinery to invest in property. For those, certain tax-exempt property unit trusts are a suitable solution to this problem.

Over the past few years the fall in stock market prices and static income from investments must have made these targets extremely difficult to attain. However, 1971 has seen some recovery in markets and hence a restoration of capital values, together with a resumption of the growth of dividend income.

It is to be hoped that during 1972 the economy will experience a number of favourable trends, a reduction of the rate of price inflation and a growth of capital investment by industry and of company profits. Against this background the treasurers of charities should find their difficult task a little easier.

INDUSTRIAL TRAINING — BY ELSBETH GANGUIN

Management courses and the influence of the ITBs

THE RECENTLY published survey on management training and development carried out by a Department of Employment unit for the Central Training Council included a passage on the infinence the training boards have had on the creation of management courses. "There are no statistics available on the size and nature of growth of courses through training grants provided by the boards," but there is a "widely beld view that courses have expanded considerably, not always to the benefit of good management training."

Objectives

Undoubtedly there has heen a boom in the short-course business, "where the nbjectives of such courses and the benefit derived from them are very difficult to assess."

Some of the ITBs are, in fact, too generous, grant-wise, in supporting such courses. "Critics will say that indiscriminate encouragement of courses was not even a good short-tarm policy. Supporters of tha policy will say that this reflected the reality of the way in which management training ofteo grew before the arrival of the training boards in firms, and that at least it anabled the hoard to do something instead of waiting for the production of a good management development acheme."

Other boards, bowever, do not give *any significant* grant support for courses: "These seem to have been at least as effectiva in promoting management training in their industry by following the more sophisticated approach of prodncing management development proposals first." And a few boards actually pay more grant for internal courses than for external ones.

"On the wbole, both logic and evidence seem to support the view that boards would have done better to concentrate on encouraging firms to develop the rigbt approacb rather than spending large sums of money on the support of courses," concludes tha survey.

Incidentally, the survey also brought out the fact that half of the 140 organisations the unit visited agreed that they bad done no management training et all prior to the setting up of their training boards, and that the growth in management training bad "been achieved despite a considerable resistance to change and despite an increasingly stringent economic climate."

It is acknowledged that the industrial training boards have heen the major influences on that growth, their most effective weapons having been the levy-grant system (now in the dog bouse) and their specialist management development advisers.

ITBs, which brought directors and senior executives to management development seminars and provided them (in many cases for the first time) with a logically developed statement of what management training is about, did particularly well.

Another significant achievement has been the development of special courses for small firms. One ITB bas helped to encourage 580 principals of small firma (up to 60 employees) to attend management courses. Another bas belped 2,700 managers from companies with fewer than 250 employees to ettend courses on financial and production control. "The widely beld view that boards bave done nothing for small firms is inaccurate," comments the unit.

Guidance

Among the survey's many recommendations were the suggestions that the training of individual managers should be extended to training management as a unit, and that more guidance should be made available on the methods of introducing and implementing the processes nf management development. Further, the identification of methods of learning, particularly on the job, sbould be of major interest to the training boards, and an attempt should be made to encourage both tha evalnation of particular training nr development exercises and to encourage managers to undertake some simple elements of evaluation of training on their own account with their own staff.

Thus, instead of sending managers out on courses, why not train them yourself? Mr. Noel Thompson, now bead of training and management development for tbe Newspaper Publisbers Association, says that be was trained that way within four months, "instead of years," as a departmental (production) manager in a detergent manufacturing company. "I only had a degraa in music," be said.

He was so impressed by this method of allowing young managers to stand on their own feet fast that be bas developed it further. He claims that wberever it is introduced it "spreads like hushfire," and that it has even reacbed national newspapers. How does it work? The top man sits down and defines his subordinate's job in terms of responsibilities and sets down the results be expects from thesa responsibilities.

Then, the top man sbould see bimself as his subordinate's *trainer*. He looks at each major responsibility in turn and defines what the subordinate needs to know about eacb of them. He writes down simpla guidelines telling tha subordinate wbere and bow be can get the required information. He sets assignments (projects) which the subordinate has to put into practice, all within a laid-down time scale.

The Industrial Society is running courses (with Thompson's belp) for training officers, teaching them the techniques of building up job-related management training programmes and sbowing them bow to get the managers to carry out the programmes by tutoring their subordinates in a controlled and audihle fasbion. Thompson swears that it works.

The training business is, of course, closely related to the manpower business, but manpower has become something of a dirty word recently, at least in certain quarters. What use is all that planning if few of the plans can stand up to the realities of industrial life—quite apart from the fact that, as yet, few people apparently know how to set about this business?

One organisation which claims that it does is MAP, or Manpower Analysis and Planning, whose directors are Mr. Micbael Hall, at one time Esso's recruitment and manpower maneger and later director of the LSE's industrial manpower project; Professor Alec Rodger of Birkbeck College (occupational psychology); Mr. Roger Sawtell, wbo headed Da La Rue's personnel function for years; and Professor Brinley Thomas, bead of the economics department at University College, Cardiff.

MAP claims that, for one thing, industry's cost structure offers a high potential for manpower cost savings. "Although manpower costs are often ten times higher than capital expenditure per year they receive less careful analysis and control."

Potential

Next, manning levels are ofteo mucb higber in the U.K. than elsewhere. "Although much of this difference ia attributable to factors other than manpower, the order of the disparity implies that considerable improvement io productivity is possible," says MAP.

There is also great poteotial for savings in peripberal manpower costs, sucb as recruitment or redundancy schemes. "Unplanned manpower often results in casual loss, followed by panic birings." Hiring is expensive, like the £2,640 reckoned to be the placement cost for an engineer, the £900 for a sales representative, the £300 for a clerk, and the £150 for a typist.

Finally, MAP believes that another area of potential savings is training cost. "In the process industries these are estimated at 3 to 4 per cent. of payroll—yet few companies have carried out serious cost-benefit exercises to determine whicb aspects of their training schemes yield the highest return."

'Lack of interest' halts seminar on marketing in Europe

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

A SEMINAR on marketing in Europe planned for this week by P. A. Management Consultants bas been cancelled and another cut hack because of lack of interest among the 500 companies invited to attend.

But two other organisations, the British Federation of Mastar Printers and Birmingbam Chamber of Commerce and Industry, which yesterday announced plans for preparing their members for entry into the Common Markat, are convinced there is considerable enthusiasm for tha European cause within U.K. industry.

Limited

The cancelled seminar was to be held in Croydon on Wednesday. Another conference, to hava been beld at Southampton to-morrow and Wednesday has been limited to Tuesday only.

"This lack of interest is inexplicabla to us in view of the importance of the subject," Mr. H. A. Gomms, group director for P.A.'s southern group, said yesterday.

"We hava run many management seminars this year on other less important subjects, and this is tha only one that has had to be cancelled dua to lack of apparent interest.

"One cannot belp but feel that if this lack of interest is real, British industry is really going to bave to get cracking in order to compete in the Common Markat. One wonders if the vital need for thorough preparation is fully appreciated if we are not to miss the bus."

Birmingbam Chamber of Commerce and Industry is more optimistic and bas arranged an ambitious programme over the coming months to acquaint its members with the opportunities and problems they will meet within the EEC.

From January the Chamber is arranging briefing sessions for individual sectors of Birmingham industry on the effects Common Market membership will hava for them.

Initially, the tradea covered will be engineering components, vehicle components, and hardware and household goods. But the list is expected to be extended later.

The Chamber is also organising group visits to a number of European trade fairs next year, where companies can compare their own standards and prices with those for equivalent EEC products. Trips will he made to Hanover in April, covering engineering; Cologne in February, for houseware and domestic appliances, and Paris in January, carpets.

A selling mission organised by tha Chamber will visit Milan this month, and it will also have a joint venture stand at the Inter-traffic trade fair in Hamburg, which starts at the end of next February.

Mr. Hugb Kenrick, chairman of the Chamber's West Europe section, yesterday promised that the Chamber would be working-out better ways of hriefing all members of the latest developments affecting their plans for Europe.

These briefings will cover such topics as the development of EEC agreements with third countries, modern means of transportation and warehousing for U.K.-EEC trade, the harmonisation of standards and approvals procedures, communications, and likely changes in company law, fiscal systems and employment conditions inside the Common Market.

Implications

Tha British Federation of Master Printers is organising a conference in London on January 19 to consider tha implications of membership of the EEC for Britisb printers.

Sir Con O'Neill, Deputy Under-Secretary at the Foreign and Commonwealth Office, wbo heads the official side of tha British negotiating team in Brussels, will open the conference.

Sir Max Bemrose, Federation president, yesterday emphasised that tha new situation created by U.K. membership of the EEC would affect printers serving the domestic market as well as those trading direct with Common Market countries or planning to do so.

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Overseas News

Moves to clear Taiwan's status in world agencies

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, Oct. 31.

FOLLOWING last week's UN vote on China, there is growing concern here and in other major capitals over Taiwan's relations with the remaining world agencies, notably the International Monetary Fund and the World Bank.

Although no formal moves have been made in either case, some preliminary soundings have been taken and it is likely that the whole complex question will receive a first airing later in the week when the executive boards of both organisations meet. Under last week's resolution, Peking will automatically receive Taiwan's seat on all the UN dependent agencies such as its regional economic commission's. The General Assembly's decision is also expected to be implemented by such slightly more independent bodies as the FAO and Unesco, which in fact voted to expel Taiwan and install Peking in Paris on Friday.

However, after acknowledging its rights in this field, the Chinese telegram acceptance the UN offer of a seat also said that Peking hoped the resolution would be implemented "in its entirety." Some diplomats are interpreting this to mean that at the very least Peking will want its membership rights recognised by the Fund and the World Bank which are quite independent of the UN.

In view of a number of countries, including the U.K., the vote in the General Assembly should be reflected throughout the whole body of world organisations. But in the case of the Fund and the Bank the issues raised are highly complicated and it seems unlikely that the U.S. will abandon its efforts to retain some independent rights for Taiwan. The whole question will probably come to a head first over the IMF since membership of this body is a precondition for joining the World Bank. In the past Communist countries have refused to join either body on the grounds that they were capitalist organisations and because they disliked the financial disclosures required.

Whether Peking will feel any differently remains to be seen. Meanwhile the existing Formosan quota is in the name of the Republic of China and was based on the quota that mainland China might have had. Thus, Peking may feel compelled to oppose Taiwan's continued membership on principle and it might try to get over the disclosure problem by taking over the existing Chinese seat, refusing to provide additional information. The world would then be reconfronted with the whole Peking membership question again.

A more detailed problem is that Taiwan has an outstanding gold tranche drawing from the Fund. This was also the case with Cuba at the time of Batista's fall and Dr. Castro, the Cuban Premier, repayed the debt although he left the organisation. Another difficulty is that the Taiwanese executive director is also elected by South Korea and South Vietnam.

Better chance

However, a possible basis for compromise arises from the fact that Fund membership is not identical with membership of the UN—as the examples of West Germany and Russia show. It is thus possible that the Fund would have a better chance of adopting a two China approach than the UN, even though Peking may never take the seat.

As regards the World Bank, the issues are even more complex. In the first place some of its statutes refer explicitly to the Republic of Nationalist China and may therefore not be affected by the UN resolution in any way. But the central problem stems from the fact that the Bank already has big development commitments in Formosa which it would theoretically be forced to abandon if Taiwan looses its seat.

IN BRIEF

● BEIRUT: Mortada Abdelkader al Hadithi has been appointed Iraq's new Foreign Minister to replace Dr. Adbel Kerim Shaikhaly, who had been named Ambassador to the UN in the reshuffle of senior Government posts in September. Mr. Hadithi, who is aged 32, has been the Iraqi trouble-shooter with the Kurds. He has been the head of the Government-Kurdish peace commission in charge of implementing the agreement which last year ended the Kurdish war in Northern Iraq.

● LUSAKA: Former Zambian Vice-president Mr. Simon Kapwepwe has announced an official registration of his United Progressive Party whose founding he first publicised on August 22. The registration means that the UPP can now organise openly, canvas membership and hold meetings.

● ALGERIA has called in the U.S. group Williams Brothers to study prospects of running a natural gas pipeline from the desert gasfield of Hassi r'Mel through Morocco and the Strait of Gibraltar to link the big industrial centres in Spain, France, Northern Italy, Switzerland, West Germany and Belgium.

● JOHANNESBURG: Judgment will be delivered to-day in the Pretoria terrorist trial in which the Dean of Johannesburg the Very Rev. Gonville ffrench-Beytagh is accused on a series of charges of encouraging people to use violence to overthrow the South African Government.

● SAIGON: Nearly 3,000 former prisoners including Viet Cong were set free in a government amnesty to mark President Nguyen Van Thieu's inauguration yesterday.

● JAPAN's external reserves reached a record $14,098m. last month, an increase of $714m. over September, the Finance Ministry said.

● CAMBODIA'S national bank set the official rate for the riel at 139.72 to the $1, diplomatic sources said here. The new parity means an effective devaluation of the riel of about 152 per cent. from the old level of 55.42.

● LAGOS: Nigeria is expected to-day to follow the U.S. dollar, and break away from the traditional links with sterling and effectively devalue the Nigerian pound, commercial bank sources said yesterday. They said Nigeria had also dropped the two-tier system, and had established one rate—$2.80 per £N—for both financial and commercial transactions. The decision to break from sterling and follow the dollar means that the £N will in effect be devalued about 4 per cent.

Chiang Kai-shek faces up to isolation

TAIPEI, Oct. 31.

NATIONALIST Chinese leader Generalissimo Chiang Kai shek celebrated his 84th birthday to-day faced with the painful task of rebuilding his Government's shattered international prestige and restoring confidence at home. His ruling Kuomingteng Party here has already taken a first step towards repairing the damage caused by the UN decision to admit the People's Republic of China to the body and expel Taiwan.

Two days later the Kuomingtang Party here adopted a 15-point resolution for the conduct of domestic and international affairs in the light of the new developments. The resolution among other things unanimously endorsed withdrawal from the world body which came only minutes before the fateful vote. It also provided for a deep review of the Party leadership, improvement of the Party system and Government administration, accelerated economic development, expanded foreign trade and improving relations with all non-Communist countries.

President Chiang himself is showing that he still has plenty of fire despite the crisis. "The destiny of our nation is not in the hands of the United Nations, it is squarely in our own hands," he has asserted. Taiwan was still a force to be reckoned with, and would not be pushed about nr tolerate any outside interference, he declared. He also renewed his Government's determination to return to the Chinese mainland which it left when the Communists under Mao Tse-tung took over Peking in 1949.

On the diplomatic front, observers believe that there will now be an all-out move to improve relations with such allies as the U.S., Japan, Australia, the Philippines and Thailand. Taiwan is expected to open more trade and information offices around the world—regardless of diplomatic recognition—in the hope of expanding trade.

Reuter

THIEU SWORN IN TO RUN SECOND TERM

SAIGON, Oct. 31.

PRESIDENT Nguyen Van Thieu was sworn in for his second four-year term of office to-day and in his inauguration speech spoke of the day when the toll of allied lives in the Vietnam war would end. The 48-year-old President, who was elected unopposed on October 3, with his new Vice-President, Mr. Tran Van Huong, said military, economic and social aid would still be necessary to help South Vietnam move towards self-reliance.

His inauguration, attended by 100,000 invited guests, was guarded by a giant security net of 42,000 police and troops. It went off without a hitch and there were no reports of disturbances.

Reuter

Swiss elections show little change

By John Wicks, Zurich Correspondent

ZURICH, Oct. 31.

FIRST results from this week-end's Swiss elections to the National Council and the States Council show a minimum of change from the 1967 polls. Complete figures will not be available until to-morrow, but it seems likely that the composition of both chambers of Parliament will be subject to no major alterations and that the make-up of the governing Federal Council, whose seven ministers are taken from the four biggest Parliamentary factions, will remain at its present composition of two Social Democrats, two Liberals, two Christian Democrats and one Agrarian.

The introduction of female suffrage and the subsequent participation for the first time of some 2m. women in the elections have had little effect. Rural cantons are almost without exception returning standing parties, primarily Christian Democrats, Liberals and Agrarians. And there are indications that the cities have voted for most of the 1967 representatives.

In Geneva, whose National Council representation has been increased by one seat, the Communists and Christian Democrats have gained one seat each, while in Basle the Social Democrats and Liberals have each lost a seat and the anti-foreigner "Nationale Aktion" won one seat.

No co-operation

Particular interest is being centred on the success of the "Nationale Aktion" and the similiarly xenophobe "Republican Movement." It seems now that no joint faction will be formed of these two groups in the National Council, an "Aktion" spokesman having stated that his party would not co-operate with Mr. James Schwarzenbach's Republicans in Parliament in view of the allegedly unfair election campaign carried out by the latter in Zurich.

Pakistan claims that India is exploiting refugees

BY OUR OWN CORRESPONDENT

KARACHI, Oct. 31.

PRESIDENT YAHYA KHAN of Pakistan has offered to accept and welcome "any international agency" to assist the return of refugees to their homes in East Pakistan. The President rejected as "malicious insinuation" India's claim that Pakistan was not willing to take back non-Muslims.

He said: "Each and every Pakistani, whether he be a Muslim or a Hindu or of any other caste or creed, who left East Pakistan due to the recent disturbances is welcome to return to his home and resume his normal vocation."

In a statement issued from Rawalpindi over the week-end the President said the Government would accord them all possible assistance including financial help for their rehabilitation and resettlement. He also accused India of "exploiting this human problem and employing all sorts of obstructions to prevent their return." He also accused the Indian authorities of "putting forward grossly exaggerated figures of displaced persons with a view to seeking moral and financial support from some foreign countries." The President said his Government had made a thorough check and found that a little over 2m. people had left their homes since March.

And, cables our New Delhi correspondent, the strained Indo-Pakistan relations reached such pitch that Pakistan denied permission to Soviet Air Marshal P. S. Koulakhov and his delegation to overfly its territory to reach New Delhi last night. Air Marshal Koutakhov had to take a round-about route to reach here 10 hours late as a result for his talks on India's military needs because of tension on the sub-continent.

The Soviet Air Chief's six-day visit to New Delhi follows that of deputy Foreign Minister Nikolai Firyubin who agreed with India's assessment of the war threat from Pakistan.

Talks are being held under Article Nine of the recently signed treaty of peace, friendship, and co-operation which calls for consultations between the two countries in the event of a threat to security of either, and "effective steps to remove it."

Editorial Comment Page 12

Aid cut hurts India

BY OUR OWN CORRESPONDENT

NEW DELHI, Oct. 31.

INDIA will be among countries most affected by the U.S. Senate's rejection of the foreign aid bill, because on it hinged the badly needed assistance of $250m. for the nearly 10m. refugees from East Pakistan.

India's needs during the current financial year for refugee maintenance have been assessed at $700m. by the World Bank and at the recent meeting of the Aid India consortium in Paris, but so far only about $30m. has actually been given by various countries.

India has also imposed emergency taxation measures to raise additional resources to meet the expenditure on the refugees, but the Government is demanding that the international community should chip in; and obviously great reliance was placed upon the U.S.

The aid cut is likely to be one of the main subjects India's Prime Minister, Mrs. Indira Gandhi, will discuss later this week with President Nixon. India is in any case one of the U.S.'s major aid receivers. Over the last two decades more than $1,000m. has been received.

Brezhnev visit boosts Pompidou

BY ROBERT MAUTHNER

PARIS, Oct. 31.

THE five-day official visit of Mr. Leonid Brezhnev to France, which ended on Saturday, has turned out to be more of a success for President Pompidou than a triumph for the Soviet Communist Party leader.

Although there can be no doubt that Mr. Brezhnev received a warm official welcome on his first venture in the West, he has certainly not failed to notice that the public response to his presence in Paris, apart from a number of relatively minor pro-Soviet demonstrations organised by the French Communist Party, was distinctly cool. Indeed, Soviet officials are said to have complained at some of the critical comment which has appeared in the French Press.

As expected, the Soviet leader failed to persuade President Pompidou, who once again went out of his way to underline publically France's loyalty to the Western camp, to sign a fully-fledged friendship treaty. Instead, the two statesmen signed a document listing the basic principles, on which future Franco-Soviet co-operation is to be based, which is more in line with democratic Western ideas than it is with past Soviet practice.

The principles which will guide the two countries in their joint efforts to maintain peace and achieve a European detente are stated to be: the inviolability of present frontiers in Europe, non-interference in the internal affairs of other states, equality, independence and the renunciation of force or the threat of force.

The main interest of the declaration lies in the importance which both sides attach to a normalisation of relations between the two German states and their entry into the United Nations, as an essential step towards the convocation of a European security conference.

Metal workers call for solidarity

By Our Own Correspondent

LAUSANNE, Oct. 31.

THE International Metalworkers' Federation has called upon its national affiliates to give up some measure of their autonomy to strengthen joint union action against international corporations. In a resolution adopted at the conclusion of the 22nd IMF congress here, it was noted that the power of each national union to respond to large companies was being weakened as these companies became less dependent on the profits drawn from any single country.

IMF, the resolution claimed, must now undertake the complex task of co-ordinating the movement of its affiliates towards concerted action.

Hard-core Rhodesian whites seek coalition

BY OUR OWN CORRESPONDENT

SALISBURY, Oct. 31.

RIGHTWINGERS in Rhodesia are seeking to build up a coalition of splinter groups and parties aimed at preventing any "sell out" settlement with Britain. The resignation of two prominent rightwingers from the discredited Republican alliance—which contested the general election last year losing every seat it fought—at a time when settlement speculation is rife, has once again revived the prospect of a split within the ruling Rhodesian Front should Mr. Smith settle on terms that are even remotely within the five principles.

Mr. Jack Whiting, who left the Alliance last week, says that he is taking part in the reorganisation of conservative opinion in Rhodesia. Also a former Rhodesian Front MP, Robin James, says moves are afoot to establish a new group dedicated to the political survival of the European in Rhodesia.

However, unless the group can attract a dozen or so MPs from Mr. Smith's party, the threat is unlikely to become a very serious one in the short term so far as the Rhodesian leader is concerned. Whether, they do manage to attract a following from RF backbenchers will depend to a very great extent on the terms of any settlement which might be reached.

If Britain sticks firmly to the five principles (and it is only fair to say that virtually no one in Salisbury believes that she can or will) then there would almost inevitably be a major split within the RF. However, if Mr. Smith can demonstrate that he has managed to settle on very favourable terms, then the right wing movement will never really get off the ground. At this stage, this latter possibility is the more likely, especially as the right wing is leaderless.

Far East Command lowers flag

BY HARVEY STOCKWIN

SINGAPORE, Oct. 31.

ONE HUNDRED and fifty two years of British military predominance in Singapore ended to-day as the Far East Command flag was hauled down—and as the Command wound up at mid-night. Earlier, 16 ships of the Far East Fleet had commemorated the Royal Navy's much longer presence in the area with a steam-past in the Singapore Straits, with the salute taken by the retiring Far East Fleet C-in-C Air Chief Marshal Sir Brian Burnett.

Sir Brian was accompanied by the Singapore Minister of Defence and acting Prime Minister Dr. Gohkeengswee, the Australian, British and New Zealand High Commissioners in Singapore, and service chiefs. While invited, no Malaysian representatives attended.

There was also a flypast of 20 fixed wing aircraft from HMS Eagle and 30 helicopters mainly from Eagle and HMS Albion, the commando carrier.

It is understood that Eagle and Albion will be among the ships now proceeding to the Gulf to cover the final withdrawal from there.

To-night I was the sole spectator as Far East Command's flag—flying continuously since 1962—and the Union Jack were pulled down for the last time by a constable of the British Ministry of Defence Police, attended by the RAF corporal working as Far East Command's last duty clerk.

At mid-night, many British connections with the area, personal as well as legal, were severed. The Anglo-Malaysian defence agreement, with its automatic commitment, expires. Britain now only retains an automatic commitment to defend the oil-rich Borneo state of Brunei, and, of course, Hong Kong. To-morrow the British locally recruited Singapore Guard Regiment is disbanded. Also from mid-night, to-night, the waters in and around the Johore Straits technically cease to come under the British Admiralty and revert to the Port of Singapore Authority.

But more than anything else, the windup of the huge Far East Command bases means the reversion of one tenth of Singapore to the Singapore Government. This process will be completed in the next six weeks, and presents the Government with problems as well as opportunities.

The most eloquent valedictory to Far East Command was given by the Singapore Prime Minister Mr. Lee Kuan Yew—now in London—at a recent farewell dinner to Sir Brian Burnett. "It is difficult to underestimate the contribution the British forces have made to the stability and security of the Malaysia-Singapore area," he said. "But for the forces of Far East Command during confrontation, it would have been a very different Southeast Asia, with a very different successor to the late Dr. Sukarno."

Part of the base continues as the HQ of the new ANZUK task force, activated at one minute past mid-night to-night, under the operational command of Rear Admiral David Wells of the Royal Australian Navy. Also at mid-night the five-power integrated air defence system takes over full responsibility for Malaysia-Singapore air defence. It, too, is under the overall command of an Australian, Air Vice-Marshal Susans.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Drawings that come to life

USING a suitable computer, a visual display CRT unit, a light pen system and the appropriate programs, it is already possible to produce engineering or other drawings on the acreen which can he modified at will and rotated to allow inspection from any desired angle.

A further development of the technique has now emerged from Ohio State University in the United States wbicb allows the creation of live three dimensional illustrations that change aize, sbape and also duplicate the movements of the objects they depict.

The illustrations, which are drawn on the face of the tube, respond when the artist inatructs the computer to induce movement, follow a prescribed path or cnange from one aoape to another.

The technique has heen developed hy Professor Charles Csuri of the university's College of Arts, and employa an IBM 1130 compnting system and a 2250 graphic display unit. He believes that this technique for producing animated diagrams has educational and economic potential in schools, business, medicina, science and the television and motion picture industriea.

Sequences of drawings made with the ssytem can he recorded on video tape from the screen of the computer terminal. Then by processing the tape through a apecial converter, it ia possible to produce a second tape that introduces any colour or combination of colours into the drawings.

The cooveotional method for creating animated illustrations for use in films or as visual aids calls for an artist to draw a new image or frame for each movement depicted. Not only will the new system save time, according to Professor Csuri, it will also he possible "to do things that were never possihle before." He continued: "Now, a teacher uses a blackhoard to illustrate lectures and he often draws flow charts or graphs to demonstrate the points or concepts being made. How much more meaningful it would be to visually interpret, through dynamic animation, any concept—from molecular structure to the make-up and function of bodily organs."

Tha importance to business and industry is slso pointed out by the university, aince it takes the computer-aided design idea a further atep forward.

Getting it in focus

PROJECTED images on a screen may go out of focus for a number of reasons: the pbotograpbic emulsion on the film may vary in thickness; the film may distort; optical and other components in the projector may expand. Automatic retention of focus would he a welcome development, but only if the cost incurred were amall since it is arguably a simple matter to correct manually.

An invention hy private inventor David Fenner, taken up hy NRDC and developed into a practical syatem by Sira Institute deploys the picture itself to produce correction. It uses the fact that the variations in the intensity of light along a lina of the picture are more gradual in an out of focus picture than in a focussed one.

Normally a sbutter blade in the projector cuts off ligbt from the screen wbila the film is being pulled down for the next frame. David Fenner fitted the blade with a filter so as to transmit the invisible near infra-red part of the ligbt. This causes an image, not aeen by the audience, to travel over the screen and past a pbotoelectric detector whicb converts the ligbt variation into electronic signals.

In practice two detectors are used, placed effectively in front of and hehind tbe screen, and the circuitry is arranged so that when the picture is in focus on the screen the high frequency signals from the two detectors are equal. If the focus of the projected heam is not exactly at tha acreen the balance of the circuit is upset, and feedback to a motorised focussing control corrects the discrepancy.

The only modification required to the projector is provision of the optical filter in the ahutter blade and attachment of a motor to the focusing control, if this is not available already.

NRDC is sponsoring further development at Sira Institute, Chislehurst.

GEOFFREY CHARLISH

● ELECTRONICS

Lasers make fine cuts

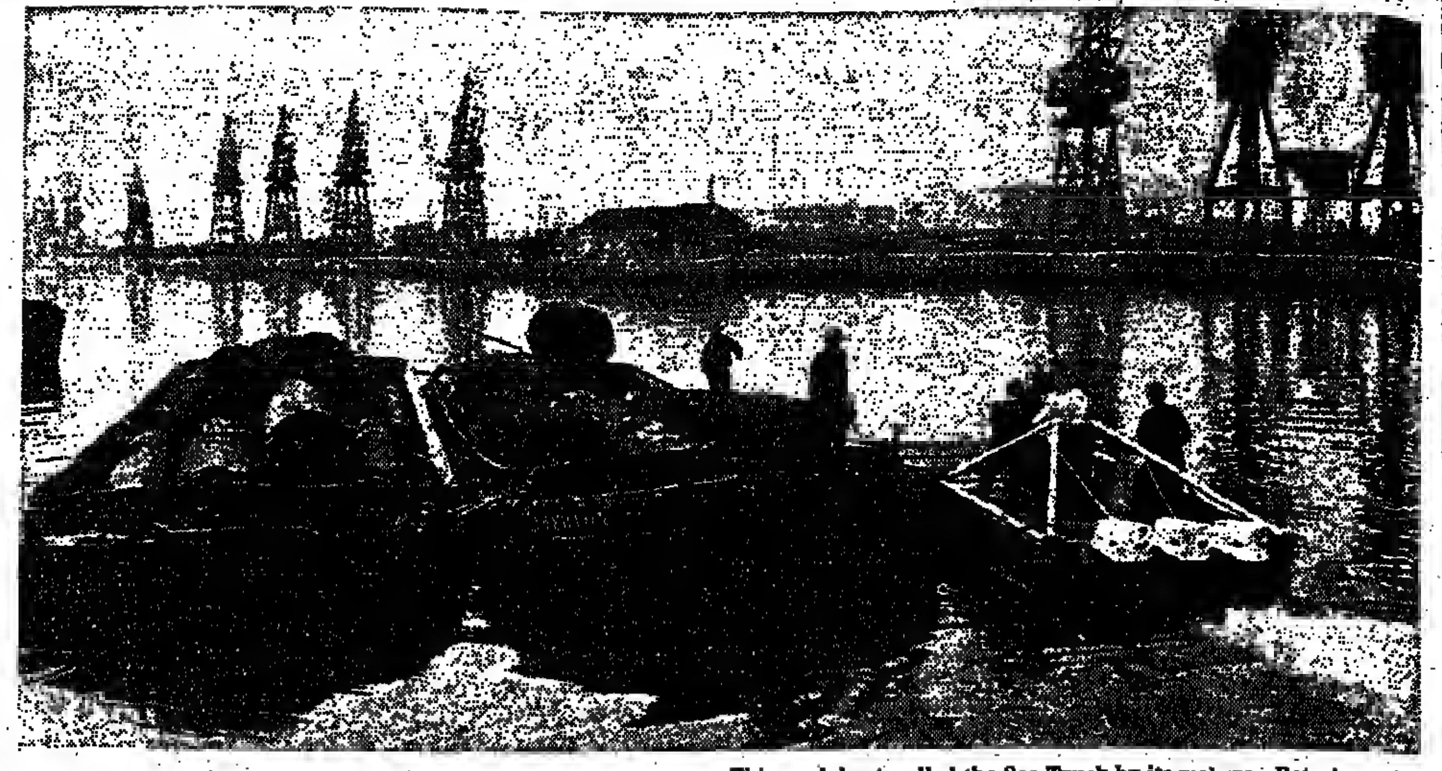
LASER systems for semi-automated trimming of resistors to fine tolerances on thick and thin film hyhrid circuits have been introduced hy Raytheon Company, Lexington, Massacbusetts 02173.

Model SS-328 embodies a neodymium-doped yttrium aluminum garnet laser operating at 5,000 pulses per second or continuous wave. The system is capable of both straigbt and L-trims on deposited resistor materials on a wide range of aubstrate materials and can be used for circuits up to two inches aquare.

The new system includes such elements as a closed television viewing system for safe, real-time monitoring of the trimming; a laser energy output monitor; a power box containing a power supply, a water-cooling aystem, a filtered air source, and control electronics.

In operation, the output energy from the laser head, a Model CYQ-3, vaporises a series of overlapping spots on the resistor material in the circuit, which is moving at a selected rate in its work handling fixture under the laser head. The fixture can be moved at fonr different speeds: 0.156, 0.313, 0.625, and 1.250 inches per second.

The numerical unit controls the path of the work fixture under the visually sbielded laser head. Tbe control aystem can be expanded to inclnde computer or tape control if greater degrees of automation are required.



This work boat, called the Sea Truck by its makers—Rotork Marine of Bath—is warping two barges of a gross laden weight of 400 tons. The craft can be used as a detachable propulsion unit for unpowered oil-carrying barges to provide a tanker to shore aervice. In the somewhat confined waters of Avonmouth Docks, where the illustrated trial is being carried out, manoeuvrability and stopping power of the tug was amply demonstrated. It was being assessed for a special role in Arctic waters.

● COMPUTERS

Tailor-made retrieval

GETTING the right kinds of facts and figures about one's business, at the right time, is becoming more and more acknowledged as a vital competitive feature, but also recognised is the fact that "viscous" and unwieldy systema of data retrieval can cause more troubla than they are worth.

Honeywell Information Systems of Great West Road, Brentford, Middleaex, have announced what they describe as an "easy to access and easy to use" computer program which is available to users of their Mark 2 network computer time sbaring service. Called FLEXIMIS (flexible management information system), it ia said to provide an information retrieval system tailored to the user's requirements, enabling him to manipulate his own files in a simple conversational manner.

Usera type in their basic data from a keyboard terminal over a public telephona line to the computer centre, and having set up their files they can then interrogate them by entering "aelection criteria" at the terminal and waiting for a few seconds for the program to search the files and print out the answer.

There are eight programs, one handling the search and selection of data and the others performing all the necessary checking, addition, deletion and modification of data, as well as allowing the user to sort and merge files and to print output in both tabular and graphical form.

The system ia in use hy ICI's Agricultural Division at Billingbam where the factory managemant is developing a system that will record, analyse and retrieve information on plant malfunctions.

UCC ahead of growth targets

UCC — University Computing Company—bas acbieved better than anticipated growth this year and the company's European network has already exceeded its business target for 1971.

Mr. John Kason, formerly London director of UCC (Great Britain), and now vice-president and general manager of UCC Europe, attributes the company's progress to two significant developments. These are the discovery by companies, large and small, that they can obtain far faster turnround at far less cost by linking up to a large machine than by maintaining their own small or medium size computers. At the same time, UCC has overcome a number of the problems that have hitherto hedevilled the economics of operating over telepbone lines from the Continent.

The addition of the second large Univac 1108, inaugurated in May of this year, has enabled the company to keep pace with steadily increasing demand both from U.K. and Cootinental users.

Looking to the future, Kason sees an increasing momentum in the trend towards utility networks. "There was a certain inevitahility about it from the beginning," be says. "It was only a question of time hefore we overcame the communications and computing difficulties and created the necessary confidence."

● COMMUNICATION

Versatile hotel phone system

AN HOTEL telepbone system covering early morning calls, pbone security, "message waiting" and the readiness of rooms for occupation bas been put on the market by Reliance Systems, of Turnells Mill Lane, Wellingborough, Northants.

A night porter's panel bas two illuminated huttons for each room number together with a control awitch with settings at 15 minute intervals over the early morning period. To provide a morniog call, the porter pusbes the appropriate button and a red ligbt comes on hy tbe room number. He also seta the time on the awitch. At the designated time the following morning the guest's bedside telephone rings and he hears a prerecorded message biddiog him "good morning."

When tbe receiver is replaced the red light goes out and the green one comea on, indicating acknowledgement to the porter. If a guest sleeps through the operation the call is repeated at 15 minute intervals until he responds.

Anotber interesting feature is a slot heside eacb room number on a panel in reception into whicb the guest's key is put when he leaves tbe botel. This cuts off his telepbone to prevent unauthorised calls being made from it. The same panel is used to indicate that a written message awaits the guest in reception. Depression of a hutton by one of the staff illuminates a lamp on the panel and in the room.

When the guest finally leaves, the cashier pushes a panel hutton which advises reception and tbe housekeeper that the room is vacant.

When the maid cleans the room, she simply lifts the receiver causing a green lamp to illuminate on the reception and bousekeeper's panels indicating that work is going on in that room. It also allows a cbeck on the maid's progress. When the housekeeper visits the room for final inspection and is satisfied, she just replaces the receiver which extinguishes the lamps and indicates that the room is ready for occupation.

● MATERIALS

Foam back quality improved

SILICONE additive for latex foam componnds which offers carpet manufacturers a better quality foam back is available from ICI Organics Division. DP 463, a 70 per cent. solids emulsion, improves cell structure, compression set and foam adhesion to aubstrate. It also enables the carpet hacker to use a sborter drying/curing cycle, resulting in faster throughput.

A highly stable emulsion with a sbelf-life of one year, DP 463 has been specially formulated for use in hoth gelled and no-gel SBR systems. It is compatible with all latex formulations, and being a quality improver as well as a processing aid matches the current trend towards better quality, higher density foam backings.

While the main outlet for DP 463 is in carpet backing foams, there are applications too in upbolatering and in the foam-backing of textiles. It may also be used to improve the quality of natnral rubber/SBR and straight natural ruhber foam insulations.

● INSTRUMENTS

Checking lift ropes

FOR multi-rope lifts in high rise buildings a complete set of ropes costs on average £150. Severe excess tension on a single rope results in rapid fatigue failure of the heavily stressed rope, which will first exhibit signs of fretting. When this is found the whole set of lift ropea bas to be replaced.

A meter has heen developed which enables maintenance staff to cbeck individual tension in each rope so that any imbalance can he corrected. The maker, Fulmer Research Institute, Stoke Poges, Slough, Bucks., states that use of this meter will increase rope life hy at laast 20 per cent. and by as much as 50 per cent. in severe cases. It is calculated that in a high rise building with 20 lifts the minimum saving would be about £500 per year.

Modulation meter for mobiles

COVERING all the normal mobile radio hands and needing no pre-calibration, the TF 2303 modulation meter from Marconi Instruments, St. Alhans, Hertfordshire, is aimed at mobile radio manufacturers, users and aervicing organisations.

For FM measurement the instrument indicates peak deviations up to a maximum of 15 kHz at carrier freqnencies up to 520 MHz. The AM side of the instrument is designed to measure modulation depth up to 95 per cent. over the carrier frequency range 25 to 225 MHz. At UHF an AFC switch locks the local oscillator to incoming frequencies.

The instrument weighs less than 6 kg and will operate from battery or mains; the battery is a nickel cadmium typa with a life of about eight hours.

Locates engine faults

BY locating, at each engine service, faults that could lead to loss of efficiency, Van Dusen Aircraft Snpplies Company, of Kidlington, Oxford, believe that IC engine maintenance schedules can be reduced together with the likelihood of sudden failure.

The company claims that this will he possible using a differential cylinder pressure tester, the E2, they are now marketing. Developed in the U.S. by Eastern Electronics, the device eoables mechanics to locate worn or cracked rings, defective intake or exhaust valves, acored or cracked cylinders, leaky head gaskets, and worn or stripped plug bushings.

The device, which costs £16, is uaed in conjunction with a stethoscope which it is claimed will quickly identify avery detected leak.

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Journalists' merger talks break down

MERGER TALKS between the 1,700-member Institute of Journalists and the 24,000-strong National Union of Journalists broke down over the week-end due to "irreconcilable differences." A dual membership arrangement will continue.

A joint statement by Mr. George Lenton and Mr. Douglas Rees, presidents of the Institute and the Journalists' union respectively, said that

"The two-day joint merger conference ended after its first day because of 'evident fundamental and irreconcilable differences between the NUJ and the IOJ on the basis of the draft rules before it.'

"The two bodies' councils are to consider what moves can now be made towards a merger and in the meantime the five-year-old dual membership arrangement between the Institute and the Union will continue."

The three main points of difference concerned:—Failure to agree on the name of the new organisation; an NUJ rejection of a rule setting up a professional council or conference and the question of registration under the 1971 Industrial Relations Act.

The union considered there should be no registration and the institute dissented.

Strike by 65 tugboatmen makes Tyne fleet idle

BY OUR OWN CORRESPONDENT SOUTH SHIELDS, Oct. 31

A STRIKE by 65 Tyne tugboatmen over a pay claim made the river's fleet of nine tugs idle over the week-end. It will cause severe trade disruption at the port if it goes on.

Already one dry-docking job has been lost, and unless there is a settlement in the next few days the new 253,000-ton giant tanker Texaco Great Britain will be unable to leave the Wallsend yard of Swan Hunter on Friday to start sea trials.

The tugboatmen, whose current wage agreement expired this week-end, are on strike because they consider their earnings are low in relation to many other workers in the area, and that a new offer by Tyne Tugs is not enough.

The employers have offered a 10 per cent. increase on the basis that the cost of living had gone up by this amount since their last pay award a year ago. But this offer was rejected and negotiations broke down.

Mr. Harry Malcolm, secretary of the North-East Coast Tugboatmen's Association, said the basic rates for a 40-hour week were far too low For example, a Tyne tug skipper received £20.50 for the 40-hour week but there were men in labouring grades at the Tyne who could get a basic £21.50.

The tugboatmen have turned down a request by the employers to put the claim to arbitration.

Secrets Act: TUC calls for changes

THE TUC believes that the Government should not have power to take criminal proceedings except where national security is threatened. It has urged the Franks Committee, which is considering the Official Secrets Act, that Section 2 should be repealed. It also criticises the misuse of the "Confidential" marking on Government documents and says departments should be more selective in their use.

Section 2, says the General Council in its views to the committee, affects the interests of workpeople who handle confidential information in the course of their duties.

It made it illegal for people handling confidential information to pass it on to an unauthorised person or to retain it when they have no right to do so. This related not only to information which might be a threat to national security, but to any information regarded as confidential by a Government department.

While this is of particular concern to civil servants and journalists, workers in other industries receive confidential information, and so do trade union representatives in the course of their work.

The General Council does not dispute that governments should have powers to prosecute those persons who act in a manner prejudicial to national security, but these powers were provided in Section 1 of the Act, and Section 2 should be repealed.

Solicitors defend fixed house fees

SOLICITORS yesterday hit back at the reported intention of the Lord Chancellor to end the system of scale fees chargeable in house sale transactions.

The British Legal Association, representing about one seventh of solicitors in England and Wales, in conference at York, passed a motion opposing "the unjust proposal attributed by three national newspapers to the Lord Chancellor to compel the solicitors' profession to treat as maxima only the conveyancing scale fees accepted years ago on the 'swings and roundabouts principle,' but which do not provide fair remuneration for the transaction of maximum complexity."

Inflation

Mr. Arnold Wexler, who proposed the motion, said the scale fees were fixed about 18 years ago when the average house price was about £1,500. But now it was about £7,500.

Inflation had halved the value of the scale fee, and the rapid introduction of land registration was reducing its value still more.

"Successive Lord Chancellors of both major political parties have asked the profession in the national interest to withhold applications for increases in fees and the profession has responded in the national interest," he said.

If the Lord Chancellor's reported proposal took effect, the Association would fight tooth and nail for increases in the scale, and would fight even harder to end the political control over the profession by the Lord Chancellor who exercised a stranglehold.

Mr. Jeffrey Gordon, a London solicitor, said tales of large profits easily earned in conveyancing were frequently illusory. Often a conveyancing transaction was not necessarily any more profitable than a county court case, despite the enormous man-hours that might go into it.

...Mr. Ivan Geffen of Walsall, said that much development had been carried out in the west Midlands by companies with which individual firms of solicitors had been associated.

They provided an example of how a combination of "holding out" (holding out is willing to undertake conveyancing at less than the scale fee), and price cutting had affected the client. In every case where there had been a loser it had been the client.

● There was an overwhelming vote in favour of British entry to the Common Market, when delegates rejected a motion which said entry would reduce the living standards of provincial solicitors and undermine the principles of English Common Law.

Only the proposer, Mr. John Briggs (Huddersfield), and seconder, Mr. Vincent Collinson (Blackpool), voted in favour.

● Mr. Edward Deal, of Bristol, chairman of the Association rapped what he called the "monolithic attitude" taken towards it by the Law Society, the controlling body of solicitors in England and Wales.

He said that the Society's questioning of why there should be another body seeking to carry out certain of its functions presupposed this attitude.

He saw no reason for war between the two organisations and hoped the Society could be persuaded that "there is room for both." The Association was provisionally registered as a trade union and its main aims were to improve pay and conditions and other facilities for advice.

BEA plans for 3.1m. winter passengers

BEA plans to carry 3.1m. passengers this winter, compared with 2.8m. last winter, an increase of 9 per cent.

This is largely due to the changing habits of the British holidaymaker. A spokesman said: "More people are taking winter and 'split' holidays, and this means a big expansion in business."

To meet the demand BEA is offering more jet capacity and 85 per cent. of flights will be by Trident and Super One-Eleven jets. The winter schedules begin to-day.

£150,000 FOR A CITY'S FACELIFT

"Operation clean-up" to make Nottingham more attractive is planned by the city's public works committee at a cost of £150,000. About £1,000 of this will be spent on an anti-litter campaign.

FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

Cost trends ease but no recovery yet

INDUSTRY is now expecting the rate of inflation to slacken appreciahly. The expected rise in costs has now fallen to less than 6 per cent. This time last year the median forecast was more than 10 per cent. Predictions about future price increases have likewise declined. The median forecast for price increases ovsr the next 12 months is now just over 6 per cent.

Both improvements reflect increased optimism about the future trend of wage costs. Over three-fifths of our all-industry sample are now predicting increases of 5-9 per cent., whereas only a few months ago the same proportion wss forecasting increases in the 10-14 per cent. range.

This apart, however, business conditions show neither little change nor very many grounds for optimism. The recovery which has set in in one or two sectors—car sales and private house-building, for example—is clearly taking time to spread more generally.

In the case of mechanical engineering—ona of the three sectors aurveyed this time—this is not particularly surprising. A revival in boms orders for engineering capital goods could well take some time to come through. Not before the second or third quarters of 1972 is one fairly widespread view in the industry, and even that is sometimes said more in hope than in expectation.

Chemicals/oils and shipping, the nther two groups covered this time, tend to be more sensitive to business conditions generally. Yet in neither case is any great optimism shown either about present order and output trends or about future expectations. Both sectors are of course vulnerable to world trading conditions, and the trend of events so far si ce President Nixon announced his halance of payments measures on August 15 hardly gives grounds for great optimism.

On the whole, though, export prospects still snpear to hs regarded as reasonably promising. Engineering seems to be especially hopeful on this score, despite recent cost trends.

GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?	4 Monthly moving total July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	October 1971 Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
More optimistic	41	50	60	60	35	52	52
Neutral	51	41	30	37	57	47	48
Less optimistic	8	9	9	3	8	1	—
No snswer	—	12	—	—	—	—	—

EXPORT PROSPECTS

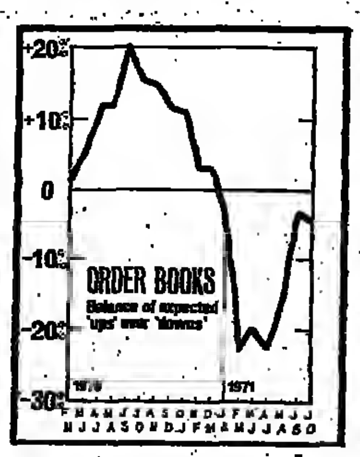
Those expecting direct export sales during the next twelve months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
Rise	57	55	63	60	86	54	—
Stay about the same	19	17	17	21	5	44	—
Fall	6	5	5	1	9	—	—
Not applicable	18	23	15	18	—	2	100

ORDERS AND OUTPUT

No general improvement

THIS MONTH'S interviswS revealed few indications of the recovery in some—mostly consumar—trades yet becoming more widespread. In the case of mechanical engineering, this was to be expected. It could be some time yet before orders for investment goods revive. But chemicals/oils and shipping are botb sectors which in their respsctive ways are fairly sensitive to the trend of conditions generally.

On balance the trend of new orders is upward (in terms of current prices), hut the halance of "nps" over "downs" is still somewhat small. And, to judge from order book trends, ths flow of orders is still on the whole barely sufficient to match ths present rsts of deliveries. Improved order treods were noted mainly by engineering and chemicsl companies producing specialised products.



A similar picture is offered by industry's production forecasts. The balance of "ups" over "downs" bas not significantly cbsnged for some months. If one makes some allowance for price increases (which are not always excluded from industry's replies to questions about future turnover), then clearly industry cannot yet be said to be as confident as the Chancellor is about the economy picking up a fair head of stsam in the coming year.

NEW ORDERS

The trend for new orders in the last four months is:	4 Monthly moving total July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	October 1971 Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
Up	33	32	34	31	8	7	—
Same	11	8	7	10	36	—	—
Down	19	13	15	17	54	12	48
Not available	38	47	44	42	2	81	52

PRODUCTION/TURNOVER

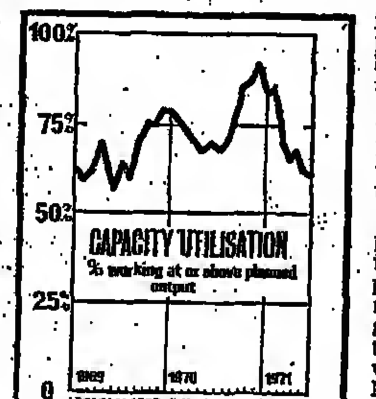
Those expecting production/turnover in the next year to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
Rise over 20%	2	3	3	1	—	—	—
Rise 15-19%	4	4	1	1	—	—	—
Rise 10-14%	4	5	6	18	2	—	—
Rise 5-9%	53	47	52	40	58	84	75
About the same	19	28	32	33	4	2	—
Fall 5-9%	3	4	3	5	2	—	—
Fall over 10%	3	2	2	—	8	9	—
No comment	12	7	2	2	26	5	25

CAPACITY AND STOCKS

Widespread slack still

FURTHER eloquent indications of tbe present degree of slack in industry are afforded by the latest picture of capacity utilisation and by the ratings given to the factors that are currently affecting production. A good third of our all-industry sample are still operating at helow target capacity. In engineering and shipping, the proportion is twice as high. In both sectors, and in chemicals/oils, order flows are universally cited as pretty well the only factor determining the current pace of output.

The sama is hroadly true for industry as a whole. Shortags of plant capacity can still he a hottleneck here and there. So, surprisingly, can the availahility of skilled factory staff. But in the main it is orders, especially home orders, that is determining the present pace of output throughout industry.



However, aomewhat more companies are now predicting some increases in stocks and work in progress over tha coming 12 months, which suggests aome degree of optimism about future trends. But this trend is neither very marked nor very general. Nearly half the total example of companies are forecasting no change in the level of the stocks.

STOCKS

Volume of material stocks or bought-in supplies during the next year expected to	4 Monthly moving total July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	October 1971 Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
Increase	31	20	12	7	30	84	—
Stay about the same	41	60	62	53	13	2	—
Decrease	14	10	17	29	55	10	—
No comment	14	10	9	11	2	4	100
Volume of goods on hand for sale							
Increase	22	27	21	19	1	41	—
Stay about the same	48	51	51	43	43	45	—
Decrease	11	7	18	20	46	9	—
No comment	19	15	10	18	10	5	100

FACTORS CURRENTLY AFFECTING PRODUCTION

Are any of these factors affecting turnover at the present time	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
Shortage of:							
Home orders	73	73	78	80	100	96	100
Export orders	48	29	22	37	90	96	100
Executive staff	5	6	2	2	1	—	—
Skilled staff	11	11	4	3	1	—	—
Manual Labour	—	—	—	—	1	—	—
Components	2	2	2	2	1	—	—
Raw materials	3	3	3	3	2	—	—
Production capacity (plant)	15	16	12	4	—	—	—
Finance facilities	5	5	4	2	3	—	—
Others	2	2	1	—	1	—	—
Labour disputes	6	5	5	—	3	4	—
No factor	10	10	8	14	—	—	—

CAPACITY WORKING

Those working at:	4 Monthly moving total July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	October 1971 Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
Above capacity	12	11	5	3	2	—	—
Planned output	49	52	63	64	33	89	—
Below	35	35	31	33	60	11	75
No answer	4	2	—	—	5	—	25

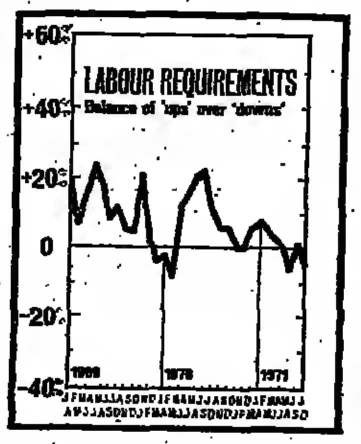
INVESTMENT AND LABOUR

Caution in forecasting

FORECASTS of lahour requirements and capital investment show little sign of a cbange in industry's expectations—anotber indication that industry generally has yet to acquire any confidence in the prospect of a general business recovery.

Half of our all-industry sample foresee no significant change in their manpower needs. Of the rest, the "downs" still sligbtly outnumher the "ups"—hardly a hsppy augury for unemployment levels this winter and there after.

On capital investment, the halance of replies is slightly upward. But with inflation at current rates a modest increase in capital programmes can easily represent a decline in real terms.



Among the three industry groups surveyed this time, sbipping affords the least promising outlook on both capital spending intentions and lshour requirements. Mecbanical engineering, not surprisingly, is relatively gloomy about manpower needs but bnllish on investment spending.

With credit restrictions easing, more companies are planning to finance increased capital requirements with the help of bank overdrafts. This is particularly true of the three industry sectors surveyed this time. Assets sales are also being cited a little more frequently as a source of capital funds.

LABOUR REQUIREMENTS

Those expecting the number of employees during the next twelve months to	4 Monthly moving total July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	October 1971 Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
Increase	22	26	18	21	12	48	—
Stay the same	50	48	58	56	36	52	75
Decrease	27	25	24	22	48	—	25
No comment	1	1	1	1	4	—	—

CAPITAL INVESTMENT

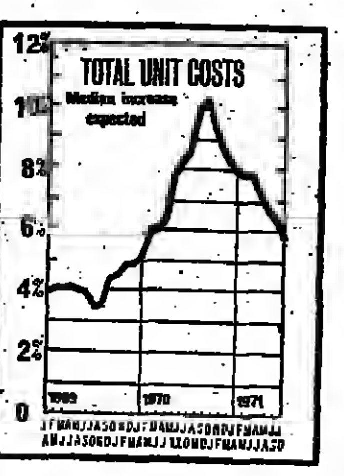
Those expecting total capital expenditure in the next year to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
Increase	44	44	45	41	56	43	—
Stay the same	18	15	30	27	28	9	75
Decrease	32	36	25	31	16	44	25
No comment	6	5	—	1	—	4	—

COSTS AND PROFIT MARGINS

Profitability should improve

THE further decline in expected cost rises—the twelfth in successive months—is the most encouraging feature of the latest survey. The median forecast is now less than 6 per cent. as against over 10 per cent. a year ago. Predictions of future price changes have slso fallen. Here the median forecast is now just over 6 per cent.

Both improvements reflect the more sanguine view industry is now taking of wage trends over the next year. Three-fifths of our all-industry sample now expect wage costa to increase hy 5-9 per cent. a year, whereas three months ago three-fifths of the total sample were forecasting incresses of 10-14 per cent.



All three groups surveyed this time were particularly hopeful on the score of wage costs, aod the chemicals/oils sector was particularly hullisb about overall cost trends.

Not unnaturally, this optimism about cost trends has been accompanied by generally hopeful predictions about futurs profitability. Over half our total sample expect profit margins to improve and total profitshility, in terms of return on capital employed, to increase. Barely a qusrter of the sample foresees little chsnge.

Engineering is especially bullish on the score of profitahility. So is the chemicals/oils group, although not every interviewed company is confident of profit margins improving. Only in shipping was a note of caution sounded.

These surveys, wbicb are conducted for the Finsncial Times by the Taylor Nelson Group, are based upon detailed interviews with top executives shout their companies' situation and prospects. Three industries and some 30 companies are covered in turn every month from a sampla hased upon the FT-Actuaries' Index, wbich accounts for sbout 60 per cent. of the total turnover of all public industrial companies. The weighting is by market capitalisation.

The all-industry figures are four-monthly moving totals, covering some 120 companlss in 11 industry groups (mechanical engineering is surveyed every second month). Foreign-owned companies operating in Britain hsve been included in the sample since Novamher, 1968.

COSTS

Those expecting hourly wage rates in the next year to rise by:	4 Monthly moving total July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	October 1971 Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
0-4%	2	2	—	—	—	—	—
5-9%	61	49	46	32	89	86	75
10-14%	29	42	50	42	7	9	25
15-19%	—	1	1	3	—	—	—
20%+	—	—	—	—	—	—	—
Same	—	—	—	—	—	—	—
Decrease	—	—	—	—	—	—	—
N/A	8	6	2	3	4	5	—
Those expecting total unit costs in the next year to rise by:							
0-4%	13	9	7	6	7	41	—
5-9%	54	68	80	74	39	13	75
10-14%	5	6	6	8	5	—	—
15-19%	—	—	—	—	—	—	—
20%+	—	—	—	—	—	—	—
Same	8	4	4	3	—	41	—
Decrease	1	1	1	—	—	—	—
N/A	19	12	2	9	49	5	25

PROFIT MARGINS

Those expecting profits margins over the next 12 months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals and Oils %	Shipping %
Improve	55	64	53	44	68	2	—
Remain the same	25	18	29	37	3	54	100
Contract	16	17	17	18	1	40	—
No comment	4	1	1	1	28	4	—

هكذا من الأصل

Building

Call for action to avoid water shortage in 1980

IF a water shortage in Wales and ths Midlands is to be avoided in the lata 1970s, two issues must ha settled in the next year, according to the Water Resources Board. These are finding the next major source for regulation of the River Severn and the next main source for the North Midlands.

Mors than 900m. gallons a dsy of additional water will he needed in those areas hy the end of the century, said tha Board. Independent estimates of the capital costs involved suggest they may be about £180m. at to-day's prices.

£350m. cost

The total outlay, including capital and running costs, will be about £350m. between now and the year 2000, sccording to ths Board.

Mr. Graham Page, Minister for Local Government and Development, said on introducing the report "Water Resources in Wales and the Midlands," that be saw no reason wby improvements in the structure of water services need delay the planning resulting from the report.

For regulating the Severn, the Board recommends the enlargement of Birmlngbam Corporation's Craig Goch reservoir in the Elan Valley.

It advises that the problems involved be investigated immediately, as the only practical alternative would he the building of snother reservoir elsewhere.

Possible sites are Dulas, Afon Gam or Marton Pool, all of which are open to much greater objection than with Craig Goch, says the Board. But no alternative is seen to a new reservoir to regulate the rivers Dove and Derwent.

Detailed investigations into the comparative merits of enlarging four existing reservoirs, Llyn Brianne, Lake Vyrnwy, Talybont and Nant-y-Moch, are also called for, and one new site—at Longdon Marsh ten miles north of Gloucester—should be investigated.

Water Resources in Wales and the Midlands. SO; £1.50.

MARTIN ROUTH

Tarmac housing in Durham

HOMES in Darlington and Hartlepool, Co. Durham, are to be built by Tarmac Homes (Tarmac Construction) under two contracts, togethsr worth £179,000.

At Mowden Park, Darlington, the company has s £113,000 contract from the Noreast Housing Society for 36 flats in nine blocks together with gsrages, external stores, drainage and ancillary works. The second order worth £66,000 is from the County Borough of Hartlepool for 13 three-bedroom houses and six flats at St. Hilda Street, Hartlepool.

A Barclays Bank and officea at Church Square, Hartlepool (Co. Durham) are to he huilt by Tarmac Construction. A 3-storey hank and offices with hasement and hoiler room, will he built with concrete frame and reinforced concrete and hrick walls. Architects are Houston and Beaumont, of Belfast.

Horizon factory handover

TO-DAY, Bovis Fee Construction hands over the £7.5m. Horizon tobacco factory at Nottingham to John Player and Sons only 31 months after plsnning was initiated.

The compsny was appointed management contrsctor in April, 1969, wben, under the terms of its contract, it became involved in the esrly design stage. Its function bas been to co-ordinate the various aspects of the work, each part of which was put out to competitive tender.

One of the features of the joh is the Ruston gas turbine total ensrgy installstion which was the first order placed in this country for equipment of this kind to run on North Sea gas.

Worth £500,000, Ruston's contract called for eigbt turbine generating sets and four exhaust heat recovery boilers to supply all the power and beat requirements of the factory.

Each of the generating sets is capable of giving a continuous output of 1,450 hhp at 80 degrees F. ambient air temperature. The important air-conditioning capahility is met entirely from thermal energy, by the use of two absorption units and one steam turbine drivenunit, without electric driven compressors.

Electrical services orders

WHEELER Critall Berry (Crown House Group) has been awarded contracts in the London area totalling over £600,000. The Bankers Clearing House has awarded Wheeler Critall a contract worth £404,000 to install complete electrical services in the new computer suite of the Inter-Bank Computer Bureau. Main contractor is Trollope and Colls and the architects are Whinney Son and Austen Hall.

Park Court Hotels has placed a £118,000 order for the installation of heating ventilation and hot and cold domestic water services at the Park International Hotel. Main contractor is Harry Neal and architects are T. P. Bennet.

A contract worth £80,000 has been won from Equity and Law Life Assurance Society for the installation of air-conditioning and domestic wster services at the company's hesd office, in Lincoln's Inn Fields. Main contractor is Walter Lilley snd the architects B. and N. Westwood Piet and Pool.

هكذا من الأصل

Building and Civil Engineering

£14m. Hong Kong project for fresh water from the sea

THE largest sea-water desalting plant in the world is planned for Hong Kong and tenderers for the first 20m.-gallons-a-day instalment are now being sought.

British consulting engineers, Binnie and Partners, have designed the scheme—likely to cost £14m.—and are preparing contract documents for this single-purpose multi-stage flash evaporation system.

Manufacturers of multi-stage flash (msf) evaporators capable of supplying unit sizes of at least 5 mgd are being sought as well as makers of oil-fired boilers where the capacity is between 250,000 and 500,000 lbs per hour at steam pressures of 250 to 650 psig.

Other major plant necessary includes vertical steam turbines ranging from 300 to 4,000 bhp, and pumps for handling sea water with capacities of between 10 and 50 mgd at heads of up to 250 feet.

Horizontal pass-out turbine generators up to 12 MW, instrumentation and controls and all the plant required for manufacturing from the waste brine such products as chlorine, hydrochloric acid, caustic soda, and sulphuric acid from sulphur are also called for.

Training of the Government's operatives for periods between six and 12 months will have to be undertaken once the plant has been commissioned.

Capacity increase

It is understood that the plant's capacity could be increased to anything up to 60mgd, which, coupled with the joint economic and design study into the possibility of producing a further 120mgd of desalted water and 1,800 MW of electricity between 1978 and 1983, certainly puts Hong Kong into the lead in this technology.

The unit production cost of the 20mgd plant is expected to be in the region of 40p per 1,000 gallons—which is about double that of natural reservoir water in that region.

This desalting project became necessary when it was realised that the £70m. High Island marine reservoir scheme would not be completed until 1978. In fact, the desalting plant should be operational by 1974.

The High Island development calls for the construction of two rockfill dams, one at each end of the straits between the island and the mainland, to impound a reservoir with a capacity of 60,000 mg. The construction of both dams will entail dredging trenches for foundations that will reach to a maximum depth of 100 feet below mean water level.

Hong Kong's population of around 4m. consumes 175mgd and this is increasing at a rate thought to be around 8 per cent. per annum.

Other large desalting installations exist in Kuwait, Mexico and Holland, among other countries.

MARTIN ROUTH

Hot ceilings in northern houses

BIGGEST single contract for Flexel, the ICI electrical ceiling radiant heating device, has been placed with Laurence James Electrical (an ICI associate) for supply and installation in all the new housing units built by the North British Housing Group, Preston, over the next three years, a total of some 3,000 houses.

The houses will be built mainly in the north of England—in the first instance at Stone Street, Newcastle upon Tyne, where some 350 houses are planned. The average cost for a house installation is £100, and the contract is worth £1m. spread over three years.

The Flexel system is based on a carbon filled silicone conducting rubber which produces radiant heat when a current is passed through it. Any area with ceilings using this system is claimed to reach an ambient temperature of 65 degrees F 40 minutes after being switched on.

The system was adopted by the London Borough of Harrow for the Grange Farm Estate, where 72 two-bedroom flats and 36 one-bedroom flats were built in 1969-70. The authority introduced budget billing for the heating cost. For the two-bedroom unit with an installed load of 5.1 kW a budget of £1.80 was allowed, and for a one-bedroom unit at 4.2 kW the budget was £1.40. These figures were based on experience in other housing units and the tenant charged the calculated budget rate included with the rent. If the actual cost is less the tenant gets a rebate.

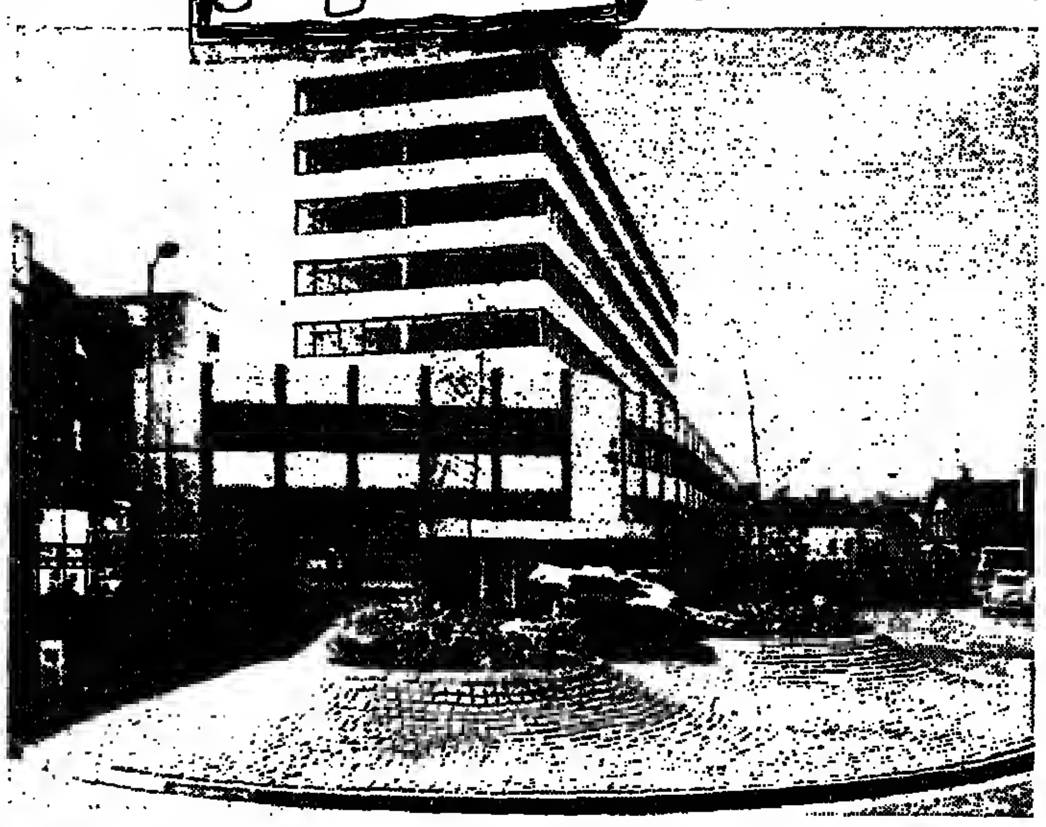
Among advantages claimed for the system is the obvious fact that no visible space is taken, and no maintenance is required.

Cubitts to extend hospital

FURTHER work for the recently finished psychiatric block at New Cross Hospital, Wolverhampton, is to be undertaken by Holland, Hannen and Cubitts (Midlands). Awarded by the Regional Hospital Board, the £467,000 contract brings the total value of its work for the hospital to £1.4m.

The new unit comprises a 2-storey administration building, a single-storey recreation building, a 2-storey kitchen and dining room and external link corridor, and a 3-storey services tower.

These buildings will be of reinforced concrete frame construction with load-bearing brick external walls, in situ reinforced concrete floors, and block internal partitions. The psychiatric block is scheduled for completion in September 1973. Architects are George/Trew/Dunn and the consulting engineers are W. V. Zinn and Associates.



STANDING astride the River Stour in the centre of Kidderminster, Worcs., this £400,000 office block was erected by Holland Hannen & Cubitts (Midlands). The 2-storey podium, occupying the entire area of the island site, and the 6-storey spine block together provide 61,000 square feet of usable office space. A number of local offices of the Department of Health and Social Security, Department of Employment, Inland Revenue, Customs and Excise, the regional office of Ordnance Survey and a Post Office, are housed. The river originally cut the site in half, but a bridge constitutes part of the foundations which otherwise are piled supports on either side. Architects were the DoE in association with Harry H. Weedon and Partners.

Reflective traffic studs

HEAVY DUTY reflective traffic studs which can be laid without disturbing the road surface have been developed by Berger Traffic Markings, of Berkeley Square, London, W.1.

Known as Catastuds, they retain good standards of reflectivity even after extensive use. Made of Cycolac ABS, the studs have withstood test pressures of 5,000 psi, and an independent investigation of their long-term reflectivity by the Mathematics Institute of Innsbruck University has shown their efficiency to be "superior to other products in current use."

Catastuds are available in white or yellow with reflective lenses in white, amber, red or green, and measure 100 mm by 17 mm by 16 mm thick.

Compared to conventional two-lens types of "cats eyes," the bases of which have to be inset in the road surface, Catastuds are quicker to apply. Using two-component epoxy resin, the makers claim it should be possible to lay 60-80 studs per hour employing two men.

Catastuds have domed tops which can be seen more easily than flat-top markers because of the more widespread reflection of light.

Each marker has two reflective faces with 21 optically-perfect pear-shaped glass lenses permanently sealed into the ABS body. There are no moving parts to wear, and in the event of some of the lenses being damaged, the rest would still provide sufficient reflectivity, it is stated.

The design of the Catastud has taken three years. Berger, in conjunction with Rhinestone Enterprises, a manufacturer of glass products, and Marbon (U.K.), carried out a research programme to develop a stud which would withstand extensive periods of use, require no maintenance and have a low installation cost.

Tailor-made ventilation systems

HEATING and ventilation engineers are now being offered a new range of powered input units from H. H. Robertson (U.K.) for both fresh and hot air systems in three sizes which should enable them to produce tailor-made systems from standard components.

The units, called Fervents, can be built to suit 18 inch, 24-inch and 30-inch fans. With the use of mixer boxes and in-line fans, fresh air, re-circulated air, or a mixture of both, can be handled.

Industrial filters ensure clean air under all conditions, and a choice of five distribution head styles allows unlimited patterns for air movement. Internal components are manufactured in zinc-coated steel and finished with grey enamel.

Assembly is by slip joints with pre-drilled female fixings. The three sizes of fans have speeds of 700, 900 and 1,400 rpm, with motor powers ranging from ½ to 2 hp.

As an indication of the system's capability, a 36-inch duct section with filter and in-line 24-inch fan, a row of steam heater and 4-way head, would give a discharge of 6,300 cubic metres per hour (3,700 cubic feet) per minute, at a velocity of 5m/sec (1,000 ft/min).

The heat input from 30 psi steam would be about 53kW (180,000 BTU/hr).

Wimpey returns to Nottingham

HAVING already built shops and more than 1,000 homes at Bulwell for the City of Nottingham, George Wimpey and Co. is to return under a further £1.4m. contract just received, to build 338 more homes.

To be constructed by the Wimpey no-fines technique, 24 will be bungalows for old people with a house for a warden and a community block, both built in brick. The other 314 homes will be bungalows and 2-storey houses for families of up to seven people. The homes were designed by Wimpey in collaboration with the city architect.

The contract includes 42 garages, an invalid car park and spaces for parking. Work begins this month and is due for completion in the summer of 1973.

Services on brewery site

COMMON user site services are being provided at the £15m. Northampton Carlsberg brewery by George Wimpey and Company—the main contractor—to minimise duplication by contractors on site of such services as labour recruitment, security and canteen facilities.

A joint committee of employers is being set up to run these services for all members on similar lines to those tried successfully at a couple of refinery projects.

The 195-metre long and 70-metre wide building was designed by Knud Munk, the Copenhagen architect, with Ove Arup and Partners acting as consulting engineers. Piling is currently being carried out by Dowsett Piling and Foundations and the sub-structure and foundations will be undertaken by Kier.

Leicester road scheme

LARGER of the two contracts totalling £690,000 awarded to Rush and Tompkins (Civil Engineering) recently, concerns a road and sewer scheme for the Corporation of Leicester worth £537,0000.

Representing part of the redevelopment of the Morton Road area, the job involves the construction of 657 metres of precast concrete box culvert. The scheme is scheduled to be finished within two years.

The second job calls for the erection of a freight shed and associated work at Middle Yard, Newhaven, Sussex, for the British Railways Board. Valued at £150,000, the work is designed by the chief architects to the British Railways Board.

In brief

- MATTHEW HALL has received several engineering services orders totalling £400,000 for work in nine department stores for Marks and Spencer. Largest of these is for an extension to a Dudley store where air-conditioning, electrical plumbing and fire protection services are to be installed.
- FIRST stage of an extension to Sandown Court Secondary School in Tunbridge Wells, Kent, is to be undertaken by Holst and Co. (Southern). The £265,000 contract from the Kent County Council involves the construction of five single and double-storey buildings.
- C. H. BEAZER AND SONS, of Bath, Somerset, has won a £2m. contract for the construction of a 10-storey office block in Brussels, Belgium.
- HOME OFFICE has placed a £150,000 order with G. E. Wallis and Sons for work to be carried out at Maidstone Prison. Alterations and extensions to Weald House will provide additional cells and ancillary accommodation.

THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY.
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897

FOR SHARE INDEX AND BUSINESS NEWS SUMMARY RING: 01-246 8026

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Frankfurt: 6 Frankfurt am Main, Im Sachsenlager 13 555730 (editorial) 554667 (business)
Brussels: 18/22 Rue du Commerce 136562
Rome: Via della Mercede 55 ...... 681 314
New York: 99 Wall Street, NY 10005 Editorial—212 944 5157/8 Circulation—212 972 9881 Advertising—212 MU8 7550
Washington: Second Floor, 1325 E. Street, N.W., Washington D.C. 202 347 8676
Toronto: 236 Ont.: 6 Charles St. E. 416 921 5575
Jo'burg: 801/6 S.A.R.B. House, 80 Commissioner Street, P.O. Box 2128 838-5836
Sydney: c/o News, Ltd., 22 Holt St. 211 1171 and 20924

MONDAY NOVEMBER 1 1971

Facing the long haul

THE COMPARISON between "Ulster" and "Vietnam," which has now become fashionable on the Left, is thoroughly misleading in almost every way—in motives, in geographical propinquity, in historical causation, and in the conduct of all its participants, with the possible exception of the IRA. Nevertheless, the comparison has at least this justification, that the situation in Northern Ireland, like the Vietnam war in its earlier stages, has deteriorated so steadily for so long that the British public and the politicians at Westminster are inclined to forget about the direction of events except at those moments when the downward path has visibly reached the edge of a precipice.

The events of the past two weeks have been a case in point. Nearly every important aspect of the Ulster scene has worsened during this period but at such a steady rate as to be virtually imperceptible. The Stormont Government and the Army claim that recently-improved intelligence is at last enabling them to gain ground against the IRA. It may be so. But the same claims have been made so often in the past without foundation that considerable scepticism is bound to creep into the hope they arouse—particularly since the outward manifestations of IRA activity, the bombings, the shootings and the acts of revenge (especially against the police) have, if anything, increased in intensity and viciousness.

Political outlook

Meanwhile, the political outlook has become more menacing. The Social Democrat and Labour opposition at Stormont has retreated still further from any co-operation with Mr. Faulkner. Its rival Parliament at Dungiven has been set up and the rhetoric of denunciation which its members are now employing leaves them very little room for reconciliation. At the same time, Mr. Jack Lynch, in Dublin, has been under severe pressure. His Government apparently takes an increasingly easy-going line towards IRA activities and in his recent speech in the Dail he explicitly raised quite unrealistic conditions for any further discussions with Mr. Heath. To complete this depressing picture, there are unmistakable signs that the political consensus on Ulster at Westminster is about to break up—indeed, if it had not been for the preoccupation with the Common Market, it would probably have done so already. According to the latest opinion polls, a majority of the public thinks that British troops should be brought home and opportunism is from now on likely to reinforce Labour's natural bent towards the Republican cause.

The public is thus faced virtually on every front with a situation in which things are worse than they were a month ago and in which there is a strong possibility that things will be worse still in a month's time. This cannot go on indefinitely or even for very much longer unless some new element is injected into either the military or the political balance—and probably both.

Escalation likely

On the military side, it is hard to see what the Government can do (unless it proposes to scuttle) except escalate the war against the gunmen and frankly warn the British people that, contrary to what they have been told in the past, it will need very many months and probably several years of effort on the present scale or higher before the security situation is fully under control. But, even then, it seems doubtful whether this long military haul can be sustained either in Ulster or in the U.K. as a whole, unless the U.K. Government can regain the political initiative.

Mr. Faulkner's appointment of a Catholic, Dr. Gerard Newe, to his Government last week and his Green Paper with its proposals for the enlargement of the Stormont Parliament and the introduction of the single transferable vote—these are welcome in themselves, and if they had been brought in even six months ago might have had a powerful calming effect. Now they are too little and too late. The defeat of the gunmen is certainly the main priority and it will require far greater stamina than anyone has been prepared for to bring it about, but this has not made further political efforts irrelevant. The fact has to be faced that real pacification is probably impossible until there has been a switch, however gradual, from internment to imprisonment after trial, and until the British Government guarantees Catholics permanent representation in the administration of the Province.

Mrs. Gandhi seeks help

IF WAR does not after all break out between India and Pakistan as a result of the crisis over Bengal, then Mrs. Indira Gandhi's present tour of Western capitals will not have been in vain. This is the measure of the seriousness of the Indian Prime Minister's purpose.

The danger of war is very great: a majority of Mrs. Gandhi's own cabinet is reportedly inclined to seek a military settlement. There have been large-scale troop movements on both sides of the borders between India and Pakistan and in each country there has been an escalation of belligerent statements.

Clear case

It is against this background that the Indian Prime Minister rehearsed her country's policies before Mr. Heath at Chequers yesterday. These talks with the British Government will continue to-day. As in the other capitals that she has been visiting (she is on her way to Washington), Mrs. Gandhi has been asking that pressure be put on Pakistan by the West. The Indian case is clear. It starts with the reminder that there are now some 9½m. refugees from East Pakistan (Bangla Desh) on Indian soil; this presence constitutes a growing, and very nearly intolerable, financial, social and political burden for India.

The solution, as seen from the Indian side, is for the President of Pakistan, General Yahya Khan, to release the imprisoned leader of Bangla Desh, Sheikh Mujib, as a prelude to negotiating a political solution with him. For the Pakistanis this would involve a severe loss of face, since it would be tantamount to an admission by President Yahya that his policy of suppression of the Bengali nationalists is a grievous mistake.

From the Pakistani point of view Mrs. Gandhi's tour can be seen in two ways. It can be taken as a genuine attempt to avert war by prevailing upon the West to seek a political solution, albeit of a kind that would suit India more than it would West Pakistan; alternatively, the tour can be interpreted as the culmination of the past half-year's diplomatic activity by India—all of which, at the worst, might have been designed to prepare the way for war should it prove necessary.

Nixon's position

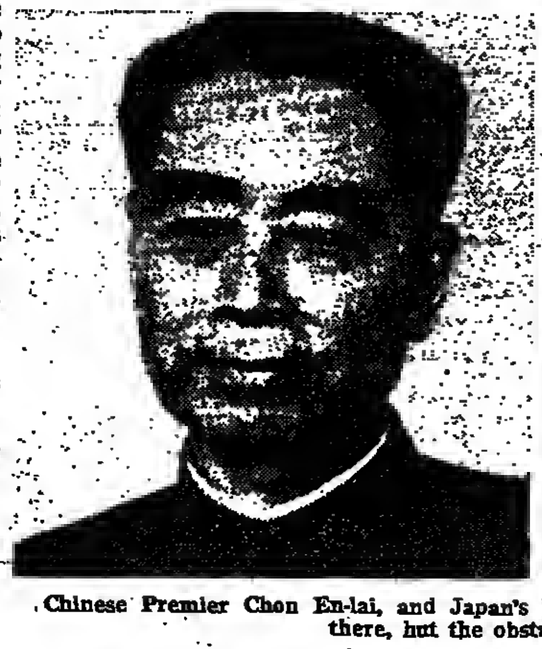
Her next step will be an attempt to convince President Nixon of the merits of India's case, for it is believed, rightly or wrongly, in New Delhi that the U.S. is still clinging to its long-standing diplomatic ties with Pakistan (an ally) as against India (a neutral). It is certainly true that America has been giving President Yahya some support in his recent struggle against the eastern nationalists, but the extent to which Washington would be willing to become involved in any full-scale Indo-Pakistani war is at least as questionable as the extent to which the Russians would be prepared to take risks for India.

Britain's policy can only be to do its utmost to ensure that none of these nightmares come true. There is no option, therefore, but to accede to Mrs. Gandhi's request. Mr. Heath should send a further message to President Yahya, stressing the gravity of the situation, in the hope that he will choose the risk of political negotiations with the Bengalis as a better one than the risk of war with India; a concurrent message to President Nixon, urging the Americans to take a similar line, is also indicated.

SINO-JAPANESE RELATIONS

Why the powers in the East cannot stay at arm's length

The UN vote on Communist China was seen as a personal reverse for Premier Sato of Japan. Yet even Right-wingers in the Japanese Foreign Ministry realise that the time has come for Japan to 'normalise' its relations with China—as a matter of urgency. CHARLES SMITH, Far East Correspondent, reports



Chinese Premier Chou En-lai, and Japan's Prime Minister, Eisaku Sato. The will is there, but the obstacles are enormous.

LAST week's vote on China at the United Nations may have upset President Nixon, who professed himself outraged by the "undisguised glee" of some delegates after the result was announced: but it represents a serious personal reverse for the Japanese Prime Minister, Mr. Sato. Mr. Sato was responsible for deciding that Japan should co-sponsor the American motion making it an "important question" for Taiwan to be expelled from the U.N. He did so against the advice of many of his Ministers and officials, who had doubts about the good faith of Washington itself in putting forward the motion, and now he is being saddled with responsibility for the defeat.

In the ensuing crisis it is quite possible that political heads will fall, though a censure motion against two leading members of the Japanese Cabinet was defeated last week. It is also likely that attention will be drawn more than ever to the painful dilemma facing Japan in its relations with China.

Potential rivals

At the moment the two countries are important trading partners, as well as potentially dangerous rivals for power and influence throughout most of East and South East Asia. But Japan has no official relations with Peking and remains tied—almost as firmly as the U.S. itself—to the fiction that the true government of China is based in Taiwan.

The one certainty in an agonisingly confused situation is that the two countries cannot remain at arm's length for much longer. Even Mr. Takeo Fukuda, the Japanese Foreign Minister, a leading right-winger who is also regarded as a champion of the special relationship with Washington, has said that Japan should now start trying to "normalise" its relations with China as a matter of urgency.

Mr. Sato himself believes the same thing, although it is clear that he has no personal taste for hobnobbing with the leaders of Communist China; and Japanese Foreign Ministry officials, or at least those of them who are directly concerned with Asian affairs, have for years been anxious to get on terms with China.

However, while the will is there the obstacles are enormous, as even the most dedicated advocates of a pro-Peking policy will admit. The first obstacle is Mr. Sato himself, who has on several occasions been explicitly ruled out by China as an acceptable negotiating partner in any discussions on the establishment of diplomatic relations.

Mr. Sato is, admittedly, due to retire from politics before the end of next year: his fourth term as president of the Liberal Democratic party runs out in December, 1972, and it would be wholly without precedent for him to seek a fifth term with the additional two years of premiership which this would entail. But Mr. Sato, like nearly all his predecessors, will expect to have a say in the choice of his successor. The way in which he exercises his choice could be crucial for the success of talks with China.

Favourite for succession

At the moment it looks as if the Prime Minister's favourite for the succession is still Mr. Fukuda, who is probably at least as much distrusted by Peking as Mr. Sato himself. Mr. Kakuei Tanaka, the young and dynamic Minister of Trade who ranks as a junior protégé of Mr. Sato, might be less unacceptable. Still more popular with the Chinese leaders would be Mr. Takeo Miki, a former Foreign Minister who achieved an unexpected degree of success last autumn as Mr. Sato's sole opponent in elections for the Party presidency.

If Japan can solve its leadership problems in a way which neither injures its own national self esteem nor provokes further outbursts from Peking, the stage will at last be set for serious talks with the Chinese leaders. The first step on the Japanese side would almost certainly have to be the withdrawal of the Japanese ambassador from Taiwan; indeed, Japan has actually prepared for this move by appointing a counsul on the island so as to maintain some kind of contact with the Nationalists after the cutting of formal diplomatic ties.

The next move, and one of the most crucial, would be for Japan to declare that the People's Republic, not the Nationalist regime in Taipei, represents the legitimate state of China. It is unikely that the Chinese would settle for anything less than an explicit declaration in Japan's case, although they have allowed other countries such as Canada to get away with the more ambiguous formula of "taking note" of the official Chinese position on Taiwan. A final step would be the negotiation of a Sino-Japanese Peace Treaty—and this is where, in the Japanese view, the sparks might really begin to fly.

If Japan ceases to recognise the Nationalist regime as the Government of China it will, in legal terms, be restoring the state of war between itself and China, since it was the Nationalists—not the Communists—with whom it made peace in 1952. This will open the way for a Chinese claim to reparations (which could be exceedingly large if Peking insists on the view that the two countries have been at war up to 1971).

It is quite possible that a reparations agreement between Tokyo and Peking might be drafted in such a way as to take on more of the appearance of a voluntary Japanese contribution to China's economic development. As such it would, of course, be welcome to the Japanese business community which would be able to take full advantage of China's import requirements. But the burden on the Japanese taxpayer could be considerable.

Conflicting evidence

Just how these problems will be worked out in discussions between Japan and China will depend on how much China wants to normalise its relations with Japan; and here the evidence is curiously conflicting. China-watchers in the Japanese Foreign Ministry have been painstakingly scanning reports of interviews given by Chou En-lai for signs that the Chinese Premier, who is also the real author of China's foreign policy, is in a hurry to begin negotiations.

Chou is reported to have said early this year that Peking airport was open to any Japanese Minister who chose to visit China. (He later added that this did not include Mr. Sato—but only, according to the China-watchers, in response to a leading question from a delegation of anti-Sato members of the Liberal Democrat Party).

Early in the summer, in a joint communiqué issued during the visit to Peking of the opposition Komeito Party, China made what officials claim was its first explicit statement of the conditions for a settlement with Japan. At the same time China has been taking pains to induce prominent Japanese businessmen to visit Peking.

But while the evidence is there for those who wish to detect an approaching thaw in Sino-Japanese relations, the record of bitterness, suspicion and general hostility in the recent past is positively overwhelming. I was told last April by my interpreter in Canton (who presumably represented an average if not particularly well-informed specimen of orthodox party opinion) that "the Japanese imperialists still want to invade our homeland, though they will certainly never succeed in doing so."

The resurgence of Japanese "militarism" has been a favourite theme of Chinese official broadcasts and of the otherwise moderate interviews given by Chou En-lai to foreign visitors for at least a year. Moreover, China has gone out of its way to emphasise Japan's growing commercial pre-eminence in South and East Asia and to draw sinister conclusions from it.

The Peking Review, which is the most prominent English-language publication of the Chinese Government, recently carried two minutely researched articles on Japan's economic role in South East Asia and Taiwan which go far to confirm the view of Japanese officials that China is better informed about Japan than about other nations, with the possible exception of the Soviet Union.

If the Peking Review articles mean what they say, it would appear that China has two main worries about Japan's performance and intentions in Asia. The first is that Japan is rapidly establishing an "economic sphere of influence" in South East Asia which threatens to overshadow any influence China might hope to acquire in this politically sensitive region.

China's gradual switch from ideological to commercial and diplomatic offensives in South East Asia makes it all the more vulnerable to economic rivalry from Japan; for, although the Japanese manifestly have nothing to compete with Mao's Little Red Book, they can outdistance the Chinese with embarrassing ease when it comes to trade or aid.

China has fought back in South East Asia this year with a series of well calculated commercial approaches to several countries. Its exchange of trade missions with Malaysia, coupled with a promise to buy the whole of Malaysia's annual rubber surplus for the indefinite future, seems to have yielded particularly welcome dividends. But Chinese diplomacy is unlikely even in the very long run to be any match for Japanese economic strength; and there are equally strong doubts in Peking about the prospective military balance between the two countries.

It is true that China is an emerging nuclear power, with a rate of progress through the various stages of research and development about twice as rapid as that of the U.S. But Japan also possesses much of the know-how required to develop nuclear weapons (within five to seven years according to qualified observers).

Great risk of bitterness

China's view of Japan's military role in Asia appears to have been moulded by its concept of American strategic intentions and particularly by the belief that Japan is being groomed to "take over" militarily from the U.S. in the region. With this fear in mind the Chinese leaders will probably place Japan, and the linked question of Taiwan, at the head of their agenda for talks with President Nixon—well ahead of the Vietnam problem which is of ideological rather than direct national interest to China.

It would make sense, correspondingly, for China to attempt to get to grips with Japan on the question of U.S.-Japanese relations, but it is here that there is least likelihood of any real dialogue and the greatest risk of bitterness and misunderstanding.

The Japanese have already been alienated by the first Nixon "shock" as they call it in Tokyo: they were given only half an hour's warning of President Nixon's intention to visit Peking (though the notice was originally intended to be six hours). The Japanese Government has not been mollified by the explanation that it was only left in the dark because of the notorious tendency of Japanese politicians to leak important news to the Press.

There are politicians in Asia including the perceptive Mr. Lee Kuan Yew of Singapore who believe that Washington's handling of its relations with China could be the start of a really serious Japanese-American split leading on to full scale Japanese rearmament and the emergence of acute tensions between Japan and China. The only answer to such predictions is that for the present the situation is fluid: it could start to crystallise alarmingly if neither Peking nor Tokyo is willing to take the first step towards negotiations.

MEN AND MATTERS

The price of publicity

The advertisement in Saturday's FT for a "moped, only offers over £4,000 considered," was quite serious. The bait is the registration number W1, which I suppose should appeal to some gentlemen about Mayfair. Its present owner, Mr. Russell Marks says that "to an autonumerologist, this is a masterpiece." And Mr. Marks is certainly an autonumerologist, if you will pardon the word. When he and a cousin, Mr. Donald Marks, are not running a chain of boutiques and outfitters shops around Hull called Marks and Marks, they are running a personalised number plate business called (of course) Car Marks.

Quite how the pair came upon W1 they are not free to disclose, says Russell Marks. But it was on the car of a "high ranking civil servant," who does not want any publicity. Anyway, after a long pursuit and some bargaining, this owner was persuaded to sell. Since he did not want to part with his car as well as its number, Car Marks bought him a moped—"the cheapest vehicle you can get a registration plate for"—and when he had for the standard £5 fee persuaded the licensing authorities to transfer W1 to the moped, the deal was done and Car Marks bought the most expensive moped in Britain. They won't say what they paid, but if it is re-sold for £4,500 it won't, he swears, represent a very high return on capital.

So far there have been three serious inquirers, two from men "with fairly large companies based in the W1 postal district." Who they are, and what Sigmund Freud would have had to say about all this, I leave to your imagination.

. . and the perils

It is not only autonumerologists who read us. An electronics company has just received this letter from the Inland Revenue: "We learn with interest from the Industrial Page of the Financial Times that you have launched a new testing instrument and we hope that this new product will be reflected in your sales figures and profits for the current year . . ."

The £7,000 p.a. headache

What would you reckon it worth to be the man responsible for the safety of Britain's atomic power stations? He will take charge of the biggest stake in atomic power any company in the world has taken in the atom, about £2,000m. spent or committed. He will also inherit reactors being built very much closer to big centres of population than anywhere else in the world.

The job, as the Central Electricity Generating Board's chief health and safety officer, has been done for the last 13 years, since before the Board had any atomic stations, by Mr. Charles Adams. He came to it with the interesting, and probably the best experience one can expect for a safety officer—30 years developing weapons. Adams' career with the Atomic Weapons Research Establishment culminated in his directing some of the H-bomb tests. Then, in 1958, he switched to peaceful atoms.

Since then, his complex emergency plans have not, mercifully, been tested in actual disaster conditions. Another of his achievements is that he led the research into anti-radiation pills, now kept at all atomic stations, both for the staff and for police to distribute in the neighbourhood. The iodine pills can block the body's take-up of radio iodine, the most immediate public hazard if the worst should happen. "It's greatest value is that it buys time to evacuate people," he says.

But Adams is off a year early, aged 64, at his own request. He sails this week for Australia to join a son and daughter-in-law who are nuclear physicists. The CEGB, which has not yet appointed a successor, has been advertising the job at a salary "in excess of £7,000."

Gingered up

One of the oldest drink labels, unchanged since 1876 apart from small Government-inspired additions like stating the alcoholic strength, has survived another onslaught. Stone's Ginger Wine, made by the Finsbury Distillery, is a very traditional business. Some jazzy advertising, including a red-head called Ginger and the epic line "If You Want Ginger You've Got to Have Stone's" has not changed the essential facts that the same green label on the same green bottle has been going nearly a century; that the business goes back to at least 1740; and that the present boss, Major George Maxwell is married to a Bishop from the family which has been making ginger wine and other drinks in the City since the 1680s. At the Finsbury Distillery, off the City Road, they still grind enough ginger on a George III mill to make over 500,000 gallons of wine a year.

So Maxwell was indignant when he found that Whiteways, which also does a ginger wine, was changing labels to one very like his own. After the lawyers had been called in, the matter has now been settled. Whiteways has made some changes, though they do not sound too worried about them. Maxwell says coolly he "still doesn't like what they're doing, but we accept that the changes made have destroyed any merit the label ever had."

So the two companies can now get down to the serious business of praying for a cold winter (1963 is still remembered fondly in the ginger wine business). And Finsbury, since 1964 part of the Matthew Clark group as a result of one of Mr. Charles Villiers' pre-IRC promptings to merge, hopes to convert the Americans, as well as the old white Commonwealth where the habit has long been popular, to getting Stoned.

Unanswerable

A man was trailing toilet paper out of the window of the London to Manchester train. "Why are you doing that?", asked another passenger.

"Keeping off elephants."

"But there aren't any elephants around here."

"Effective, isn't it?"

Observer

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هكذا من الأصل

Unit Trusts

FINANCIAL TIMES SURVEY

UNIT TRUSTS II

The unit trust industry is 40 years old this year. Total funds are valued at over £1,800m., making it one of the major investment channels, particularly for the small man. This survey reviews current developments and prospects for the Seventies.

The industry adjusts to lower level of intake

By KEITH LEWIS

It is a sad fact that the unit trust industry has still not managed to get the correct message across to the investing public. The movement has, of course, continued to grow, although 1970 and 1971 have seen the inflow of money reduced to a trickle in contrast to the two previous boom years. The figure returned in August this year of under £½m. was the lowest net monthly intake for ten years.

While the slowdown was perhaps understandable in 1970 in view of the poor stock market conditions (not just in London, but internationally), this year has seen most principal markets register something of a recovery. The FT Actuaries All-Share index is higher by around 30 per cent. so far in 1971, and has recently been breaking into new all-time high ground.

The pattern has not been so much for unitholders to stay away altogether, but rather to withdraw cash steadily on the rising market. Presumably this reflects the weight of unitholders who are seeing their original outlay restored, having been lured in at around the top of the market in 1969. In fact, the actual number of unitholder accounts has been diminishing for some months now, and the increase in total funds under management (now over £1,800m.) is explained more by capital appreciation than by any great public support.

The money that should have been going into the movement when the market was at a suitably low level has been finding new homes—notably property bonds, building societies and national savings. In fact, there are plenty of indicators to suggest that the public is generally disenchanted with equities—not necessarily just unit trusts—and virtually any savings medium that has been able to offer more stability has been on a winning run.

The outstanding success of property bonds—which are collectively pulling in between £7-8m. per month—has undoubtedly been due to the relatively sedate investment characteristics, and the operators have not been slow in pointing this out in promotional material. This is fair game in marketing terms, of course, though it is fair to say that anyone who can get the timing anywhere near right with a unit trust probably stands to see benefits far more rapidly—at least if history is any guide.

The problem is that the vast majority of unitholders persist in not timing the investment carefully with the result that they tend to come in at the top and go out at the bottom. This shows the lack of education on the public's part, which is possibly the fault of the disproportionate volume of unit trust advertising in rising markets stressing short-term performance. However, it is reassuring to see a few groups departing from the traditional approach and grasping the nettle—Save and Prosper in particular stands out in this respect.

Steady withdrawal

The present situation, therefore, is not a particularly happy one—though, for all that, hardly as disastrous as is being made out. But anyway this experience in group share investment is hardly confined to the U.K. Mutual fund sales in North America have slumped alarmingly and there have been negative cash flows in a number of months. Offshore fund sales are also in the doldrums, it seems with little immediate prospect of picking up.

The strange thing—at least as far as the U.K. unit trust movement is concerned—is that the service provided is probably better than it has ever been, and the continuing move towards the rationalisation of the groups has put the industry in a stronger position to take the knocks.

It is often forgotten that the real raison d'être of unit trusts is to take the headache out of equity investment for the smaller investor—not necessarily to provide brilliant investment management all of the time. There has been a growing tendency for the stockbroking fraternity to reject some clients on the grounds that they are uneconomical in terms of size. And a lot of the cash channelled in the direction of brokers finds its way into one unit trust or another anyway.

The actual variety of funds has continued to expand and the past year has been notable for the proliferation of new financial trusts. This particular sector of the market, of course, has been outstandingly buoyant and anyone who took advantage of the initial offers in these funds has presumably done quite well. As a generalisation, it is fair to say that the trusts to have fared the best have been the smaller ones; out of the top fifty funds in 1971, according to the G. S. Herbert Tables, only five are valued at over £10m.

The groups have not exactly been idle in other directions either, and this past year has witnessed a number of significant events. Perhaps the most telling has been the entry of some of the largest unit trust groups into the property bond field, having previously been the strongest opponents of the concept. Save and Prosper and M and G (the largest and second largest respectively) and Tyndall have all now entered the fray.

Other interesting diversifications have been the formation of a building society by the Target Group and the flotation of two publicly quoted investment trusts from M and G (Dual Trust) and Save and Prosper (SPLIT). The latter are both split level investment trusts investing solely in unit trusts, thereby generating for the management groups considerable sums in terms of management fees.

There is no doubt that unit-linked life assurance in general has continued to grow in importance for the majority of groups, since such savings plans represent a regular source of income even when direct sales are on the wane. The whole question of unit-linked life assurance, however, is something of a hot issue at the moment, since everyone involved in this industry is waiting on the deliberations of the Scott Committee on unit-linked life assurance. The Property Bond operators in particular are believed to be coming under close scrutiny.

The actual brief for the committee is to see where existing legislation should be tightened up to protect policyholders. It is surely inevitable that some restrictive measures will result from this inquiry, but just how wide-ranging the examination will be remains to be seen. Certainly the bulk of the evidence submitted has tended to advocate a widening of the brief to embrace all forms of life assurance.

Property fray

On the other hand, since a great deal of the evidence has gone beyond the original brief the Committee would be perfectly justified in ignoring these additional views.

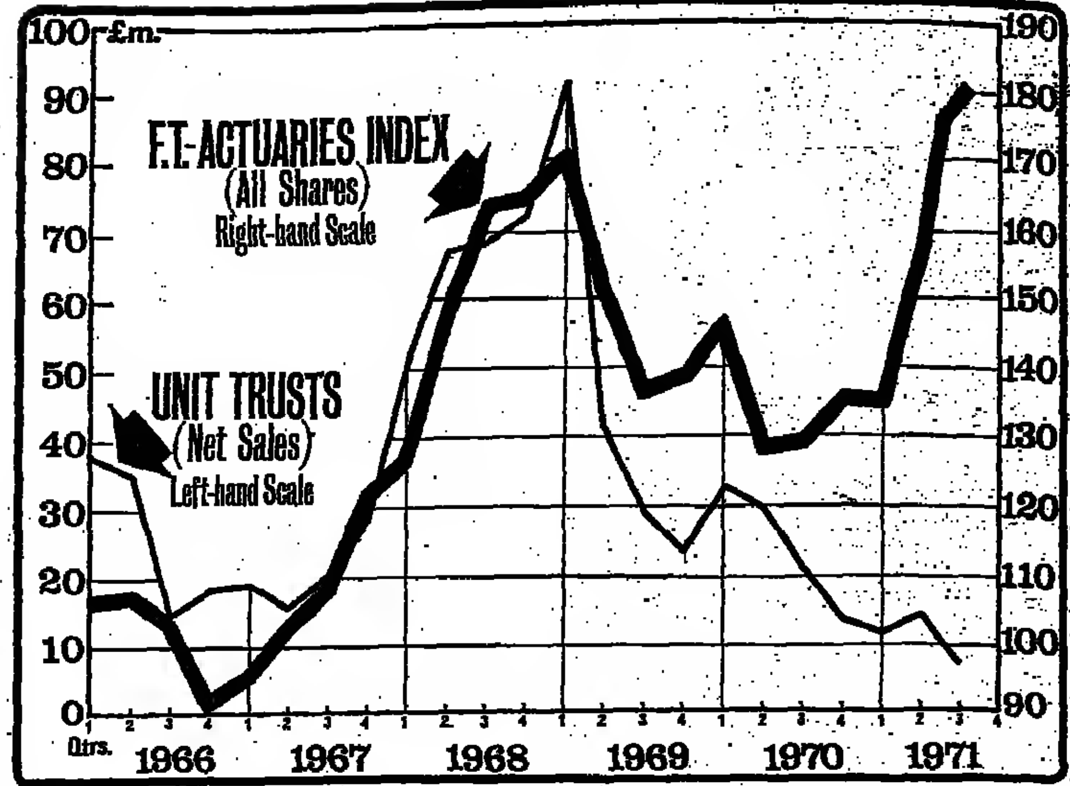
A lot of the recommendations put forward have been surprisingly far-reaching. For example, the Institute of Chartered Accountants has advocated the prohibition of direct sales forces and also the restriction of coupon advertisements. If such measures were to become legislation it goes without saying what effect this would have on the operations of, say, Abbey Life or Save and Prosper.

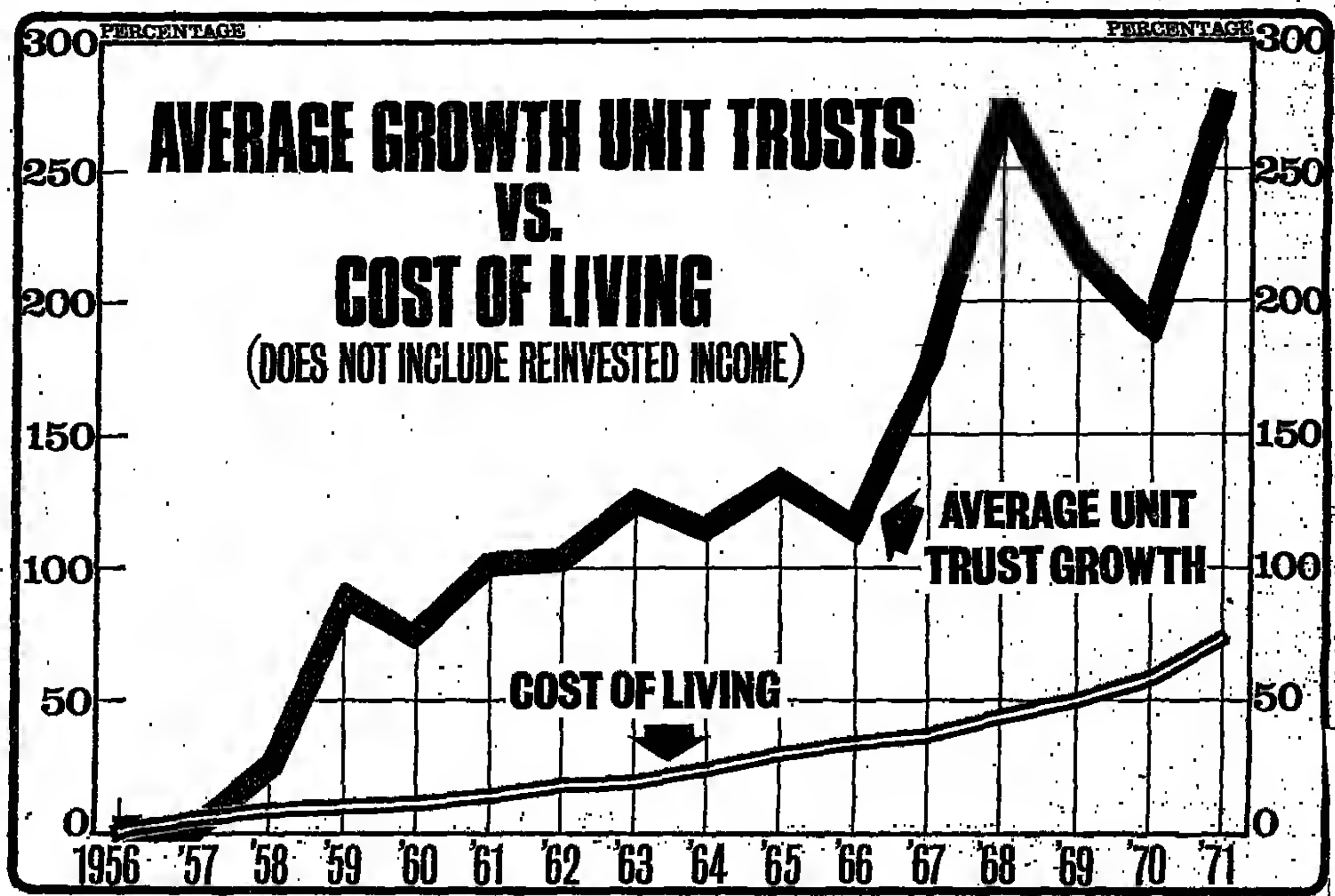
Most of the views have been given a great deal of Press coverage and it is fair to say that the more established groups have been calling for self-regulation, as in the past, with the DTI on hand to apply the teeth in the event of anyone stepping out of line. Naturally the other faction—that is those newer companies specialising in unit-linked business, and especially those formed after the 1967 Insurance Companies Act—have been asking for more stringent controls generally, regardless of formation date.

Some changes in the legislation covering unit trusts may also be on the cards. It is widely expected that capital gains tax on both unit trusts and investment trusts will be abolished altogether in due course. In fact, the last Budget went as far as to remove short-term gains tax and applied the same overall rate of 30 per cent. However, by also lifting the amount of annual realised investments (not gains) exempt from this tax to £500 for the individual the Government has, in effect, made direct equity investment technically more attractive.

Another subject that is supposed to be under active review is the raising of management charges, which have remained fixed for a great many years. The argument from the groups' point of view is that the higher annual charges accruing from the natural growth of funds are no longer sufficient to cover inflation. It is also suggested that without any adjustment the quality of fund management could suffer.

Aside from these relatively minor problems the chief obstacle for all unit trusts remains to restore credibility. One move that could help is the recent appointment of a public relations agency for the Association of Unit Trust Managers, which may well lead to more active promotion of the industry as a whole. In the meantime, the worst of the depression would appear to be over on the sales/repurchases front. The great pity is that, with perhaps half or more of a bull market passed, when unitholders do begin to "feed" again the industry could gather up yet another layer of potentially disillusioned investors.





A successful bridge to the equity market

By G. H. FLETCHER, Chairman, Association of Unit Trust Managers

Although the first unit trust appeared in 1931 the rapid growth of the industry did not commence until 1959. In the years before this the relatively few people who were able to save were content to use such saving deposit institutions as the Post Office, National Savings and building societies. So far as we can judge the pre-war unit trust investor held units to a value of approximately £800 which would indicate that the average unitholder hardly fell into the category of small saver.

It was not until savings had reached the marginal level at which essential savings and consumption needs were satisfied and not until investment in stocks and shares began to be recognised as a method of combating inflation that the unit trust industry began to grow. Individuals have realised that if they wish to have absolute security for their savings in money terms they might have to accept, except in the short term, loss in real value. If they wish to seek to maintain real value they have to put their capital at risk and unit trusts offer a method of doing so on acceptable terms.

TABLE I

UNIT TRUST STATISTICS 1965-71

End year	Value of funds £m.	Net investment £m.	Unit holdings	Average holding £m.
1965	522	59	1,419,100	368
1966	582	105	1,637,487	355
1967	854	84	1,711,157	498
1968	1,482	258	2,418,097	690
1969	1,412	186	2,395,740	590
1970	1,398	98	2,396,829	583
1971*	1,836	53	2,341,286	784

* End September

TABLE II

COMPARISON OF UNIT TRUSTS WITH OTHER SAVINGS INSTITUTIONS 1965-71

End year	Total funds unit trusts £m.	Building societies share and deposit accounts £m.	Trustee Savings Bank £m.	Other National Savings £m.
1965	522	5,159	2,030	6,336
1966	582	5,883	2,151	6,334
1967	854	6,990	2,272	6,194
1968	1,482	7,764	2,365	6,182
1969	1,412	8,652	2,411	6,042
1970	1,398	10,142	2,542	6,044
1971*	1,810	11,320	2,700	6,241

* End August

Source—Financial Statistics

Value expansion

The expansion in the industry has carried the value of unit trust funds from £200m. at the end of 1959 to over £1,800m. at the present time. Some statistics for the industry since 1965 are given in Table 1.

The extent to which unit trust investment has spread to lower income levels can be observed from the fact that the average unitholding in 1971 is £780 which in real terms is about 1/5th of the pre-war figure.

A comparison of the amount of savings attracted to unit trusts and other savings institutions over the period from the end of 1965 to the end of August, 1971 shows that the growth in savings going into unit trusts has outstripped that of the other forms of savings, namely 246 per cent. compared with 119 per cent. for building societies and 31.5 per cent. for National Savings, including the Trustee Savings Banks (Table II).

It must be emphasised that unit trusts are essentially a medium to long-term repository for savings best suited to protect the real value of capital and are complementary to National Savings and building societies which meet the need for short-term savings. The success of the industry must in the long run depend on the ability of its managers to justify the claim that they provide a safeguard against inflation and its erosion of the purchasing power of money. The performance of unit trusts obviously varies from trust to trust but taking the average value of all unit trusts it will be seen that the appreciation since January 1st, 1956, has beaten by a considerable margin the rise in the cost-of-living over the same period.

The graph above shows that while a unitholder can expect his investment to grow in value it will not be steady growth. He must learn to live with the ups and downs of stock market fluctuations which in the short term can reduce the value of his investment. An individual should not put any of his capital at risk until he has first made provision for house purchase, insurance and emergency needs. Unit trusts are not for the short-term speculator. There is no doubt that many individuals came into unit trusts in 1968 for the wrong reason; they were attracted by the prospect of short-term gain. In very buoyant markets it was very difficult to keep a sense of proportion and too easy to get the rise in the equity market out of perspective. The statement that the price of units can go down as well as up lacked conviction when markets were rising strongly.

The sharp break in the market which came in the middle of 1969 and continued through 1970, left many of these new unitholders suffering a sense of disillusionment about unit trusts. The effect of this we have seen in an increase in the value of units repurchased in 1971 as unitholders sold out as the market recovered, and they were able to get out without loss. This is a familiar pattern following a bear market. Repurchases, which during the last ten years have varied between four and six per cent. of the value of funds, have risen in the last six months to over seven per cent.

For the small saver, the most sensible way to make an investment in a unit trust is by a regular savings plan which averages out the cost of his investment. These plans also remove the difficulty of having to decide when to invest and periodical payments can be as low as around £5. This method thus provides the investor with a convenient and easy way to save in a manner to which many have become accustomed.

Clearing banks

The two most important developments in the last decade have been the development of contractual savings plans linked to life insurance and the entry of the clearing banks and the Trustee Savings Banks into the industry. The unit linked insurance policy which, with the benefits of tax relief for the contributor, first appeared in the early 1960's has been vigorously promoted. These schemes are an important and growing source of funds for unit trust companies. The clearing banks and Trustee Savings Banks with their network of branches throughout the country have made a substantial contribution to the propagation of the unit trust medium of investment.

Unit trusts form a successful bridge between the equity market which is in constant need of new capital and the investor who wishes to put part of his savings into stocks and shares. This service performed at a reasonable cost has lead to mutual benefits for both parties. In the best interests of the small investor it is probable that if his capital is to be channelled into the equity market then there is certainly no more prudent way of handling this than through the medium of unit trusts—a method of investment which provides him with professional management, a spread of risk and a positive way of competing with inflation.

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UNIT TRUSTS III

The pitfalls of putting your trust in performance tables

By D. H. L. HOPKINSON, Investment Director, M and G Group

When historians come to record and judge the difficulties of the unit trust movement in the early 1970s they will undoubtedly stress the pernicious influence that performance tables had on developments in the movement. The greater part of the blame for this will surely be placed upon management groups who oversold their products by using specious figures; part of the blame may also be placed on the financial Press, who not only encouraged the personalisation of such performance tables, but also created an atmosphere of the bull ring by filling their pages with league tables of presumed prowess just as if it were a sporting tournament.

One should ask why some management groups made such a fundamental error of judgment and the reason is probably that the majority of people involved in the promotion of unit trusts and other associated schemes were basically salesmen and administrators and not investment people. These salesmen did not know enough about the investment business to know that the so-called performance figures they were having produced for them were meaningless in true investment terms, for they did not cover at least four of the main considerations that any investor should take into account before investing his or her money.

How long

First, performance tables give no hint of how long the management has been running a fund; how often the management has changed or whether it has recently changed. This surely is the most important consideration of all when an investor is deciding to whom to entrust his money safely.

Secondly, performance tables did not and do not refer to the size of a fund nor to an individual fund's relationship with other funds in a group nor to whether a particular fund may be being given special attention at the expense of other funds, with the resultant collapse that follows an artificially generated high fever. A third point is that performance tables do not cover the growth of earnings on funds and it is no good having an investment with accumulating assets if it does not ever produce earnings on those assets. No one can judge whether an investment is succesful without knowing how its earnings have grown over the years.

Some performance tables make a half-hearted effort to cover this point by adding back every year the net income, but this is a statistically unsound exercise. The reason is that a fund which increases its earnings from 2p to 2.4p in one year is putting up a first class performance compared with a fund that only increases its earnings from 2p to 2.2p. However, if these figures are just added back into the capital value of say 90p they become statistically insignificant and the combined figures are meaningless except in relation to insurance funds or other funds whose sole purpose is accumulation of assets. The investment fashion of growth at all costs is now another fallen idol.

The last major investment factor which performance tables do not cover is the spread of the portfolio between different world markets or even between fixed interest and equity stocks and anyone making an investment of his savings should not be ignorant of this break-up.

There will be those who say that the producers of performance tables have never claimed to provide a service for savers that makes up their minds for them without any effort, but this is exactly what has happened. We should, therefore, now examine how well the performance tables achieve what their supporters claim for them, namely the quantification of growth of assets and management expertise.

It always seemed to me peculiarly futile to compare all the several hundred funds in existence with one another because they have a multiplicity of investment objects. For instance, a fund investing in Australia is in no way comparable with one investing in the U.K., nor is a fund investing at 7 per cent. comparable with one investing at 2 per cent. All funds which had substantial holdings in dollar stocks in the 1960s performed well, because of devaluation and the huge rise in the investment dollar premium. From the performance tables and the comment which attached to them, this was deemed to be due to good investment management, but the case was non-proven.

Equally performance tables which base their figures on January 1 in each year are comparatively useless because funds are only strictly comparable either on a basis of exactly a year before or by comparing all funds whose accounting periods end on the same day. Otherwise, their dividend, corporation tax and capital gains tax situations are sufficiently at variance to throw out all useful statistical comparisons, which are often based on variations as small as 0.1p.

It is not without relevance to note that the largest general unit trust in the country had to alter its accounting date from the first fortnight in January to the last fortnight in December because performance tables operating from January 1 always made its performance look poor because it went ex dividend and ex tax in the first week of the year. Such is the baleful influence of performance tables.

Mr. D. H. L. Hopkinson

Income growth

Some performance tables make a half-hearted effort to distinguish between income, growth and specialised funds, but this also can only be arbitrary and misleading. As to weekly and monthly performance tables and even one year figures, these encourage a totally irresponsible short-term view of investment and have led to warping the judgment of many young investment managers who have been misguided enough to think they are important.

It is important for the investment managers of unit trusts to keep in mind who the saver is and what he needs. In general no one should normally invest in a unit trust for less than five years; in fact, the average unit holder invests for more than 10 years and those saving in connection with insurance schemes seem to average out at about 12 years. Any performance tables, therefore, should be for as long a period as possible and the eight year tables are beginning to be helpful and informative, so long as information on management changes is available.

From the above it is probably clear that I do not think much of most performance tables, but some scale of comparison for the unit trust market is important. Our group now produces with every six-monthly report of a fund a graph showing the growth of asset value and income on each of the funds over the whole life of the fund. These are compared with the cost of living and the FT 30 Share Index: an investor can therefore tell how both his capital and his income is faring compared to the value of money; after all this is what equity investment is about. The investor can also tell how his money is being looked after compared to the market average.

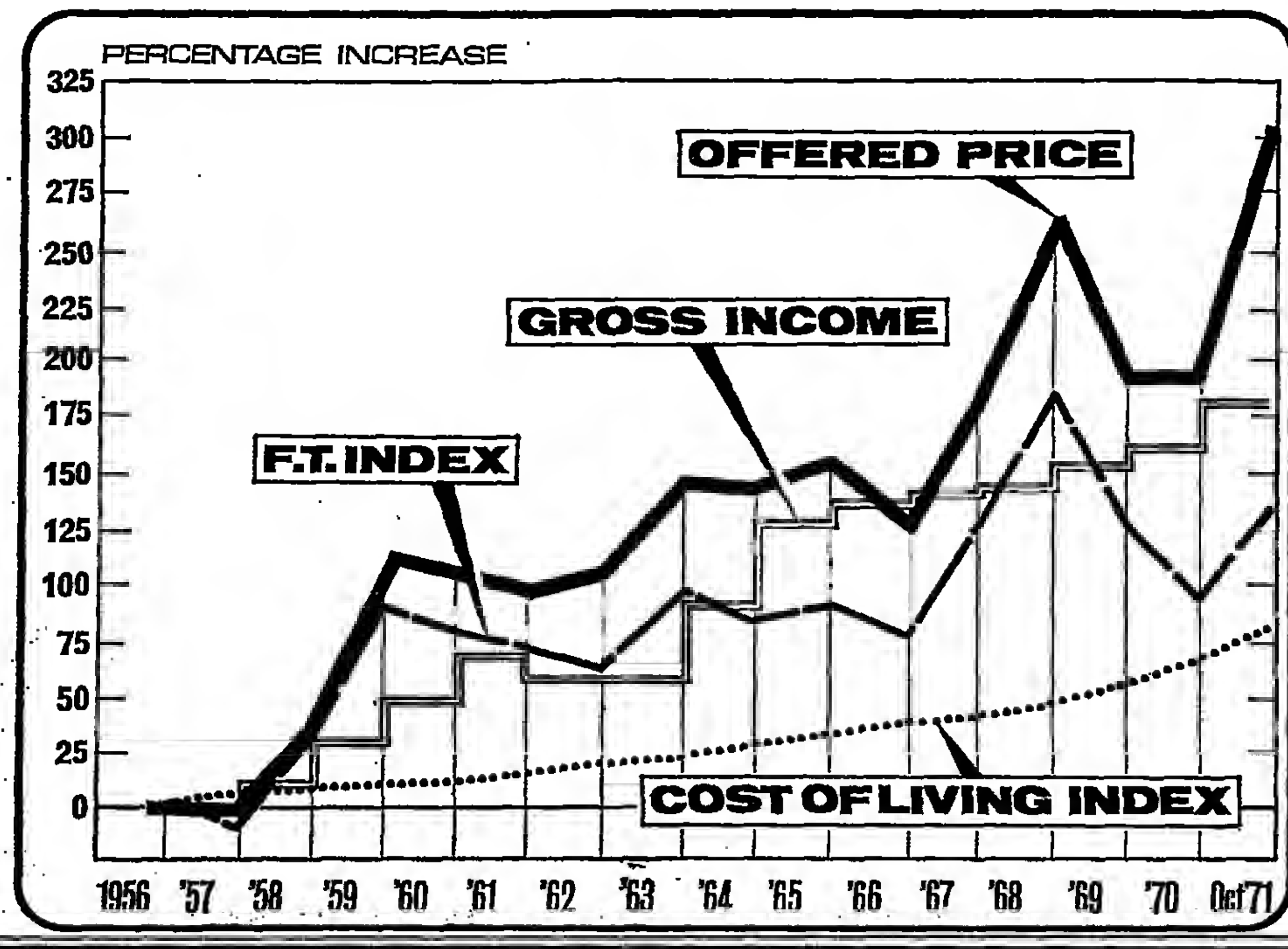
One could have an everlasting argument on which index is most appropriate but the important thing is to keep to one and stick to it. Although the majority of experts seem at the moment to be on their knees before the actuarial idol, there are virtues as well as defects in the older 30 Share Index, as long as its constituents are not always being changed.

Same mistake

Performance tables have achieved a lot in keeping the investment management of the unit trust movement more on its toes than any other investment sector in the City, but, I suspect, personally, that this advantage is more than outweighed by the disadvantages mentioned above. One can only hope that investment trusts, insurance companies and the property bond movement do not make the same mistakes about performance tables that have been made in the past few years by the unit trust movement.

COMPARATIVE RECORD OF A GENERAL FUND OVER 15 YEARS

The graph on the right attempts a representation of what performance tables should reasonably look like.



UNIT TRUSTS IV

EEC enlargement may produce better international trust results

By DAVID WRIGHT

The strong possibility of Britain's entry into the Common Market and the recent economic developments in the U.S. lay the way open to interesting speculation about the future of unit trusts specialising in the international markets.

It is generally expected that entry into the EEC will not only create a greater movement of investment capital but will also mean the end to the investment dollar premium mechanism as far as the Community is concerned.

The dollar premium bas long been a draw-back to the expansion of Continental investment and it is significant that there are only two authorised unit trusts concentrating on these markets. The two are Schroder Europe and Save and Prosper European Growth Fund.

Greater hurdle

However, probably an even greater hurdle in the path of the expansion of international investment has been the general lack of uniformity in standards of company reporting and accounting procedures. In some European countries the law does not require consolidated accounts while the methods of depreciation and auditing in some cases leaves much to be desired. The Federation Internale des Bourses de Valeurs has long been examining the waya of achieving the accuracy of published accounts, and there is now definite evidence that their recommendations are contributing to a steady improvement of the quality of company information.

Given this improvement, entry into the EEC and the abolition of the dollar premium, could well just be the boost that was needed to stimulate the investment appeal of a European Fund.

In contrast to the European markets Wall Street has been a large hunting ground for unit trusts specialising overseas. Although by and large Wall Street has not compared well with London over the past five years or so—the accompanying grapb gives some idea of the recent performances — there have been numerous opportunities to make substantial capital gains in individual stocks.

Investment interest in the U.S. market must bave been increased by the recent economic developments. Although Wall Street has lost most of the gains achieved in the days just after the announcement the feeling among some circles is that most American companies are going to see about double the real growth next year than will be achieved in 1971. This should have some implications on Wall Street, if only in the short-term.

While the U.S. economy measures may bave been the answer for Wall Street they bad a drastic effect on the Japanese market. In the week following the announcement the new SE index plummeted 17 per cent. This panicky reaction resulted in similar falls in the offer prices of both M and G Japan, and Save and Prosper Japan Growth Fund.

Mining industry

The events mentioned ao far are clear indication of the volatile nature of a fund specialising in any one market or area and as such these high risk, high reward, operations should be left to the sophisticated investor.

Another example of the fluctuating fortunes of these types of funds can be gauged through the performance of Pan Australian. The boom of the Australian oil and mining exploration companies, and indeed the mining industry in general, for much of 1969 gave U.K. investors exciting opportunities during the bear phase in London. Since then, however, the Australian market, in particular mining shares, has plunged in dramatic fashion. Snch has been the drop that Pan Australian fell from the top of brokers G. S. Herbert's ranking in 1969 to last but one in 1970 and last at this stage of 1971.

Overseas market

Enough said about the specialist funds; for the average size of unit holder who wishes to invest in the overseas market the international fund seems to be the best bet. Here investments are made in any overseas market and the fund manager is able to switch from one situation to another as the opportunity arises. This switching of the portfolio gives the fund more flexibility than can otherwise be achieved in a specialist fund.

The strength of the demand by British investors for overseas securities together with the need to protect the balance of payments bas made it necessary for the Bank of England to make certain monetary controls. U.K. institutions, under the voluntary restraint programme, have been unable since 1966 to invest new money in the four developed countries within the sterling area.

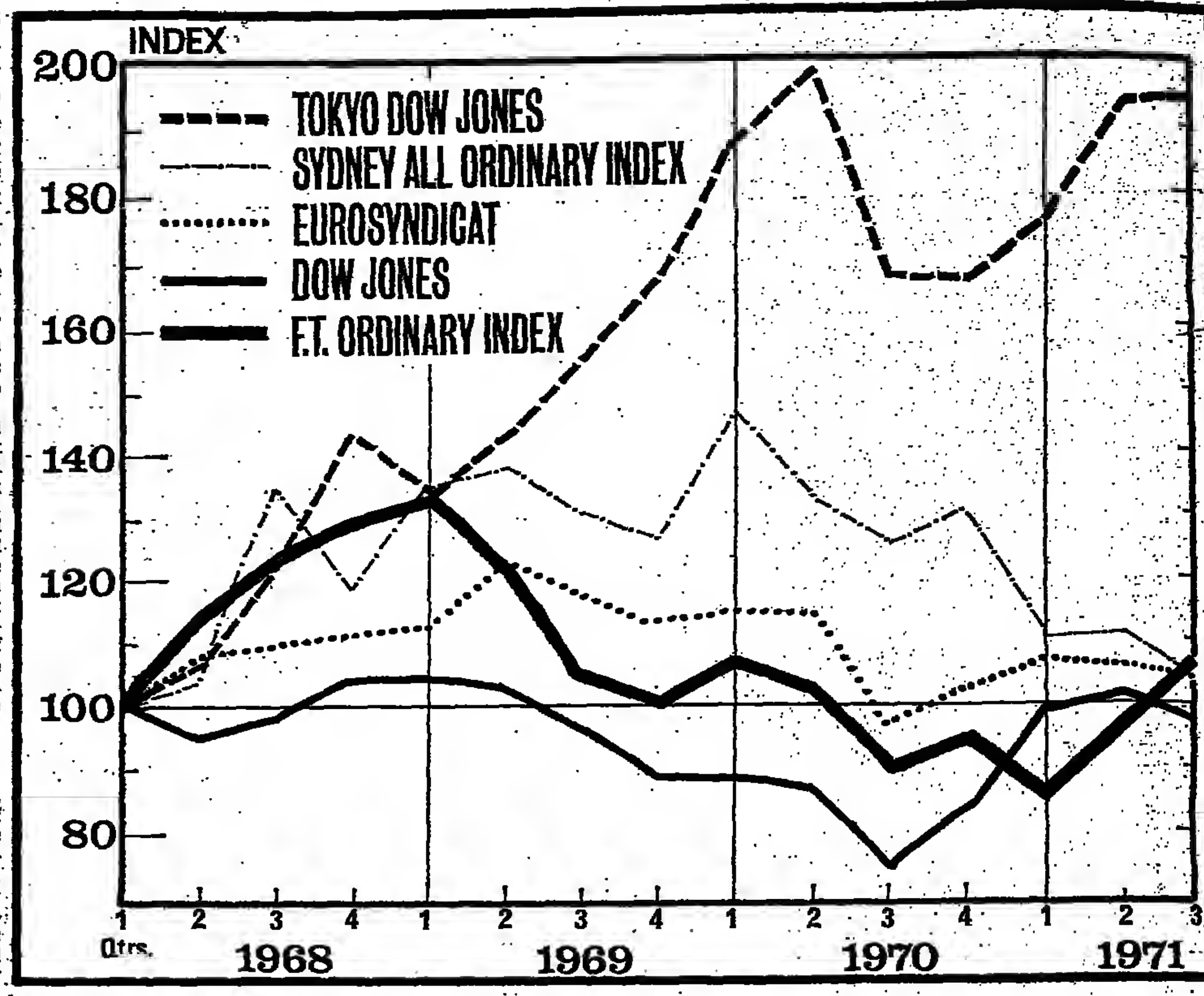
For the funds operating outside the sterling area it is necessary for them to obtain investment currency at a premium, 25 per cent. of which must be surrendered on realisation, or arrange a sterling/dollar back to back loan. In the past when the dollar premlum has been low it has not been beneficial for the fund to arrange a back to back loan since the expense is generally greater than the 25 per cent. surrender clause. But the strong possibility of the dollar premium disappearing together with the fact that the preminm can fluctuate to very high levels has prompted some groups to plump for a dollar loan.

The Bank of England stipulates that a sterling amount equivalent to the dollar loan be put on deposit. When interest rates were higher in the U.K. than in the U.S. this method of raising dollars had an added attraction. In other words the fund earned more interest on the sterling deposit than it actually paid on the loan. However, the sharp decline of interest rates in the U.K. of late has meant that the differential has swung to the side of the dollar loan.

Best yardstick

These technical points, though, are not really of primary importance and the best yardstick must be the performance of the fund over a given period. It is true to say that apart from one or two isolated cases the performances of these international and specialist funds bave not really been impressive in the past.

One assumption to draw from this is the general lack of knowledge among fund managers about world markets. But assuming some improvement in the competence of managers and given that investment barriers are slowly coming down and that the bulk of overseas markets have really been outperformed by London in 1971, a better allround performance could be seen from the international funds in the future.



Specialisation still contentious

By MARK ST. GILES, Managing Director, Jessel Britannia

Specialisation to-day is generally regarded as a good thing. Lack of it is even assumed in some quarters to have impeded this country's economic progress. In the sphere of unit trusts, however, specialisation remains somewhat contentious.

Superficially, unit trust specialisation implies a certain degree of contradiction, in as much as a widely diversified portfolio of investments is one of the intrinsic qualities—and key attractions—of the unit trust movement. However, in those investment areas where market volatility makes private investment a highly speculative venture, unit trusts specialising in that particular sector may be the only valid solution.

Specialist unit trusts are therefore one step removed in sophistication from the most general trusts. They exist for the investor who, perhaps in consultation with his professional adviser, is prepared to take a view of a certain sector, but lacks the resources necessary to provide himself with sufficient spread in that sector to offset the possibility of picking the wrong share.

Marketing image

At this stage, it is worthwhile to differentiate between a truly specialist unit trust and one which incorporates what may more accurately be described as a marketing image. The essential ingredient is that the portfolio of a specialist unit trust should be strongly biased towards a definable stock market sector. A fund with its holdings concentrated into a geographical region is therefore not, strictly speaking, a specialist fund in the same sense.

Specialised unit trusts inevitably pose special problems for their managers, but they are obviously keenly supported by a knowledgeable section of the investing public which appears to be growing rather than contracting. In the early days of the unit trust movement, specialisation, where apparent, lay mostly in the sphere of investment trusts or banks, whose central attraction was the further reduction of risk achieved by building up portfolios of shares which offered an exceptionally broad spread of interests in themselves.

The success from the performance point of view of these unit trusts was in itself a recommendation for specialisation. But specialisation has now gone far deeper than this with the establishment of unit trusts which are slanted towards plantations and commodities, recovery situations and new issues, for example.

The amount of money attracted to specialised funda is rising, contributing to the strength of the unit trust movement, and it seems probable that leaving aside the expansion of insurance-linked savings schemes, which are mainly based on general funds, the proportion of money flowing into specialised trusts purely as investment capital will increase. This trend is largely the result of the increasing awareness of the investing public. The average unitholder tends to follow market trends more carefully than in the past, and is more anxious to profit from his own ability to judge which are the best growth sectors of the market at any one given time.

Over-specialisation, as in other forms of investment, is dangerous in the unit trust sphere. All sectors go through periods of unpopularity and share prices become depressed, even though the longer-term outlook for that sector may be exceptionally good. Provision should of course be made in the Trust Deed of every fund for this eventuality, and should allow the managers scope to select suitable alternative shares, if, at any time, the state of the market makes this advisable. An example of the dangers involved through over-narrow specialisation, would be a hypothetical trust specialising in, say, nickel-producing companies. However bright the prospect of an increase in world demand for nickel in the distant future, it would clearly make a disastrous basis for a unit trust.

Not so commodities in general. So even though, individually, the market in each industrial raw material may be highly volatile and extremely speculative for the private investor, an alert management team should avoid most of the major pitfalls and produce a portfolio which provides a high yield coupled with a respectable level of capital growth.

Moreover, the trust deeds of many specialist funds allow their managers to invest a proportion of the money other than in the particular sector, should they feel that that sector is over-priced, and some have the words "and general" in the title, indicating this to be the case.

In many ways, unit trusts which have high income as their primary objective, such as commodity funds, present a more subtle challenge to the investment managers than those in search of capital growth. This is because a high yield is often a measure of the risk involved. Unit trusts exist to minimise this risk, and there is a considerable demand for unit trusts which offer a high yield. At Jessel Britannia we have experienced this, particularly at the time of the introduction of our Plantations and General Fund in October, 1970. Applications for units were limited to £1 million, and such was the demand that £250,000 had to be returned to would-be subscribers.

Sound reasons

In a specialist unit trust of this nature there are several sound reasons for limiting the overall size of the fund. One of these is that the number of worthwhile investments in a particular sector may not be very large and since no unit trust is permitted to hold more than a small proportion of its portfolio in any one company, the "quality" of a unit trust which specialises in that field can deteriorate if a careful watch is not kept on the quantity of money coming into it.

Specialisation with the objective of securing capital growth has been pursued by most of the major management groups. On this front, the financial sector has proved an obvious favourite, and eight unit trusts use a specialised "City" portfolio as their passport to performance. Of these, Target Financial and Jessel City of London have been the most consistently successful in the long term, but none of these City-based funds has performed badly. Similarly, future prospects for this sector have been greatly enhanced by the new dynamism among the major clearing

Continued on next page

New premises of the Bank of England in L...

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UNIT TRUSTS V

Putting glamour back into offshore funds

By MICHAEL BLANDEN

Recent efforts to bring some order into the business of the management of international mutual funds are a clear indication of the anxieties aroused by the dramatic setbacks suffered by the once glamorous offshore fund industry. Some of the new regulations being applied in countries where funds are sold have had the initial effect of contributing to the series of blows which have hit the offshore fund concept in the past 18 months. But attempts being made both by national authorities and by international organisations to ensure better regulation may hold the promise of an eventual rehabilitation of a potentially useful idea.

The offshore concept reached the pinnacle of its fame on a wave of enthusiasm for international investment. The funds, offering tax and other advantages, appeared to many investors as the vehicle through which a new era of world-wide investment, in an atmosphere of freedom from petty restrictions, would be achieved.

Missionary zeal

The mood was fostered by the enthusiasm of some of the big management groups, and the missionary zeal demonstrated by the hard selling tactics of the IOS type of operation. Now, the whole concept has lost, perhaps permanently, the glamour which it attracted at the height of its fortunes. The weaknesses thrown up by some of the events of last year, and the abuses in some sectors of the industry, have brought a reaction of disenchantment which has affected the whole business, without much discrimination between the more stable elements and those which were susceptible to the evident dangers inherent in the concept.

As a result, though there are still hundreds of funds controlling substantial sums of money, the inflow of investor money has more or less stopped. Indeed, overall the flow of money is probably the other way.

The events of 1970, the year of crisis, had several aspects—with the common feature that they showed up not merely weaknesses in the offshore concept, but also that the advantages claimed for the funds could in some circumstances work against tha interests of investors.

1969 peak

A poor investment performance has been one of the main factors contributing to the decline. A number of funds had been launched during the peak of the fashion for the offshore idea in 1969; at the same time, world stock markets were reaching their tops. The subsequent setback in prices brought a problem for the funds which tended to be exaggerated by the very nature of the advantages they had claimed.

In this situation, the gearing that some funds had been able to introduce—borrowing money to invest on behalf of unitholders in a way which is not open to the domestic U.K. authorised unit trusts—worked against the managers in the bear market. And the freedom from penalties on switching investment (from the U.K. point of view escaping the penalty of capital gains tax and the investment dollar premium surrender) offered little advantage at a time when most of the major stock exchanges were on the way down.

The widely publicised troubles of IOS and Gramco, as well as the less well known difficulties of some smaller groups, at the same time underlined the dangers which the offshore idea could present for investors. The freedom from regulation which gave the offshore funds, at least in their most widely-publicised forms, one of their main advantages, also provided the opportunity for abuses which threatened the stability of the whole industry.

Finally, national Governments in areas where the funds had been most heavily sold began to take action to tighten up on their operations. In the U.K. and the U.S., existing regulations already made it difficult for the big aggressive funds to be sold. The major problem for the funds was presented by the hard attitude taken by West Germany, with the possibility that it would be extended to other countries in the Common Market.

There are signs now that the offshore industry may be approaching the situation where its greater excesses will be curbed by appropriate rules, where investors will be able to feel greater security, and where the bulk of the funds which have not indulged in the more extreme forms of activity will be able to occupy a useful place in the range of investment outlets.

Tighter rules

Attempts by the industry itself to enforce some form of regulation may not be very effective. But, on one hand, some of the more easy-going tax havens have themselves begun to tighten up on the funds operating from their territories—Bermuda and the Bahamas, for example, are setting rather stricter standards. On the other, the tighter rules imposed by countries on the receiving end, though initially contributing to the problems of the offshore funds, may provide tha chance to rationalise international regulation of the funds.

The standards of good practice for mutual funds proposed by the International Federation of Stock Exchanges at its recent meeting, and approved in principle by the London Stock Exchange, could perhaps provide a basis for an international code, to be subscribed to by countries on both sides of the business. Its emphasis was particularly on the disclosure to investors of the type of information which might have enabled some of the wilder schemes to be prevented, and on the proper valuation of investments.

On this basis, the offshore fund concept might in time recover from its present difficulties. It should be possible for an offshore fund, properly regulated and responsibly run, to be recognised for the real advantages which the concept can offer, but without the exaggerated enthusiasm of the last period of expansion.

For the U.K. investor, the benefits of going offshore are modest, but real. The major one is the postponement of capital gains tax, which might be of particular interest to investors looking ahead to eventual retirement abroad. On top of thia, the investment freedom of the funds—the absence of capital gains tax on switching, the possibility of avoiding the U.K. surrender of 25 per cent. of the dollar premium, and the possibility of investing in assets other than equities—should, properly used, be of real benefit to the performance of the off-shore funds.

With these advantages, as well as the possibilities of gearing, responsibly handled, and with a degree of selection by investors, the offshore fund could establish an accepted place in the investment armoury.

Prototype telephone exchange of the future—a completely solid-state automatic switching system. Developed by GEC-Marconi and called Martex, it is in operation at the group's Line Communications Division in Essex.

Specialists —(Cont'd.)

Continued from previous page

banks, whilst Common Market entry should certainly help all finance-based institutions through the widening role of the City as Europe's financial capital.

Fortunes change

The main problem resulting from growth specialisation is that to-day's winners may well be to-morrow's losers, and vice versa. Conditions change continually and individual sectors, like the Stock Market as a whole, tend to experience cycles of growth and stagnation. In theory, this should not represent a real problem, provided that the subject of the unit trust has been selected for its good prospects over a sufficiently long period.

This problem, therefore, revolves around investing timing. In other words, provided that the would-be unitholder is satisfied that his chosen unit trust specialises in a group of investments with good long term growth prospects, he should attempt to buy when prices are at their most attractive.

Nevertheless, the investment managers equally have a responsibility inasmuch as they should endeavour to alter the ratio between the specialist and general elements to take every advantage of this cyclical effect.

Unit trusts which concentrate on overseas Stock Exchanges, such as those in Japanese, North American or European Investments, are another area of specialisation, and the same arguments obtain here.

Clearly there are times when an overseas market looks much more attractive than London, but equally there is no certainty that this situation will continue. The unitholder must judge tha timing of his purchase and sale accurately to take full advantage of these funds, and it may well be that he would be better placed in a general overseas unit trust in which funds can be moved out of one nation and into another, as conditiona dictate. This is of course a parallel of the situation in the commodity field, where the dangers of over-specialisation can be more easily seen.

Answers to both

The public is becoming increasingly better informed and more alert to the available investment opportunities. At tho same time, the competition for investors' funds has increased significantly over the last few years, particularly with the advent of property bonds and a more attractive National Savings movement. Specialisation represents one of the unit trust movement's answers to both of these developments and, providing that the subjects of these specialised funds have genuine potential for growth or income, and proven records of responsible and successful management, there is no reason why the unit trust movement should not continue to assert itself as one of Britain's most compelling investment vehicles.

UNIT TRUSTS VI

Views on property bonds as a competitive medium

By D. H. MAITLAND, Managing Director, Save and Prosper Group Ltd.

Autumn 1971 has aeen the public's investment in what are generally called property bonds reach the £140m. mark. This must represent some part of the savings of at least 80,000 people, allowing for some of them taking up bonds with more than one company. It now does seem improbable that this comparatively new vehicle will prove a temporary phenomenon, although still possible that changes in tax or other legislation might alter the balance.

There are now some 22 life companies undertaking this type of business. It is notable that the great majority of these are owned or controlled by large institutions. Unusually for a new industry, existing institutions bave taken over the running at an early stage and are now pulling in the bulk of new money intakes. In view of all the brouhaha about the business some two years ago, this should be encouraging, sloce these large institutions bave every interest in employing best practices.

The larger unit trust groups were, arguably, slow to join in the business, but this is not surprising. A year and a-half ago it was by no means assured that this new investment vehicle would really catch the public's interest. Few unit trust groups bad property investment management facilities ready to band. There saemed to be no good enough reason to gear up to manage a completely different type of investment operation uotil the longer term attraction of the vehicle became assured. But, by this time last year, it was becoming apparent that property bonds were likely to stay the course, at which point several groups determined to tool up to join and did so over the turn of the year (even if put out of balance by the postal strike).

Hard to define

The extent to which investment by the public in property bonds accounts for the low sales of uoit trusts in receot months is quite hard to define. There is no doubt that insurance brokers are an importaot source of property bood business. By and large, insurance brokers were not significant buyers of uoit trusts, although a few years ago they bought for their clieots large volumes of single premium unit-linked policies. Much of the insuraoce broker busioess is for large amounts and it is questionable whether much of this was previously in unit trusts or would otherwise bave been so invested. It may, however, have been io equities or available for equity investment and, to an extent, therefore, high sales of property boods through this source have kept some richer investors out of the stock market generally.

There is some evidence that money has moved into property bonds from investors seeking an inflation hedge for the first time. These are people for whom the transition to equities, even through unit trusts, would be regarded as risky, whilst an investment in bricks and mortar is felt to be along more familiar lines. It is closer both to house ownership and to a building society investment and a fairly natural development from the latter. A fair volume of inflows is out of building society money.

But, even taking these two significant factors into account, sample research reveals that quite a high percentage of unit-holders are also holders of property bonds. This being the case, it is a fair assumption that some of their property bond investments have been effected either by switching out of unit trusts or by using new money which could have gone into units.

Although there may bave been some switch from unit trusts (and equities) taking place, this sbould not create unreasonable alarm to those in the securities business. There is logic in the private investor linking some part of his long-term portfolio in property, beyond his own home. Despite the imperfections, the property bond is the best vehicle yet devised for the purpose and it is not now going to disappear. Investors will rightly seek a spread over a wide range of investment vehicles and the process of education will move both ways. Whilst some will switch from equities, others will use property bonds as their first step out of fixed interest securities and move from there into the equity market. Investment borizons are far too narrow for too many people and any sensible widening should be welcomed.

Course of events

But, while property bonds can have a place in the portfolios of quite a wide range of investors, it would be quite wroog to regard them as a universal panacea — as the necessarily best investment of the 1970s. Nobody can be certain as to the course of future events or that growth in the property market will continne unchecked. Future rates of economic growth for the country as a whole, the pace of inflation, the pattern of interest rates, changes in taxation or legislation can all alter the outlook. It would be unwise to expect too much. The unit trust industry has been criticised for making too much of short-term performance in 1968. It would be a great pity if the property bond operators were to subject themselves to the same criticism and totally unnecessary for them to do so.

Investors ought not to go into property bonds for the short term on the basis of high growth rates over the previous two or three years. They should buy for the long term, feeling their money is lockad up with a good chance of keeping pace with inflation and with the probability that if they do have to liquidate there is less likelibood of this happening at the bottom of a sharp downturn—as is often experienced with equities. But, equally, they should not expect the same opportunities for exceptional growth as can, from time to time, be found in equities. Over the years, nobody can tell which will do best, although one should expect a softer ride with property bonds. But, to sell on the basis of the very high growth that has been experienced over the past few years, is going to be bad for everyone.

It is not proposed to develop in this article the technology of property investment in relation to property bonds. There are, however, two points which are relevant to the themes discussed. The first is that it is much easier to seek (though never easy to find) the right kind of property if a fund is at a reasonable size. While it may not necessarily be true that the best investments are the largest, it is desirable for the investment managers to be able to operata over a wide range and not to be limited only to small properties. It thus becomes quite important to companies in the business to get reasonable inflows of new money in the first two years or so of operation.

The second point is that investment managers should not be over-burdened in their choice by imperative pressures to achieve exceptional short term performance. Finding the right property takes time and, meanwhile, liquid resources may not earn a great deal. It is better to accept this situation than to pressurise investment managers to get invested in what may be found to be inferior properties. Similarly, the best investments for long term growth may not be those which provide the highest short term performance. Once again, pressure to achieve the latter must not become an inhibiting factor on acquiring the right long term property investments.

Protecting annuities against the attacks of inflation

By ERIC SHORT

The linking of unit trusts with life assurance has now become a common feature in the unit trust world and is one method of hedging against inflation. The advantages and performances of such contracts are well known and are dealt with in other articles.

However, the linking of unit trusts with other types of contracts normally issued by the traditional life offices has, in general, been conspicuous by their absence. A start has been made in this direction by a few companies and a discussion as to wbat is involved is now appropriate.

Opposite form

The field in which further developments are taking place is that of annuities. Immediate annuities are the opposite form of contract to life assurance. In the former, the investor is paying out a lump sum in exchange for an annual income, while under a life assurance contract the inveator pays either a lump sum or a series of yearly payments in exchange for a lump sum at a future date.

The traditional form of an immediate annuity contract issued by life offices is to pay the investor ao annual amount fixed in mooey terms each year until the death of the investor in return for the sum invested. The amount received varies with the age and sex of the investor.

The effect of inflation on such a contract is obvious and the real values of annuities have been eroded especially over the last few years. It is only natural that a unit-linked annuity would be considered as a means of issuing a contract which would keep its real value.

However, this solution is not as straightforward as would appear at first sight. The yield obtainable on short-dated gilt-edged stocks is about 6 per cent., while that on equities is 3½ per cent. Thus with an equity-linked annuity the starting level of payments would be well below that of the normal fixed annuity. Since most investors in these contracts are elderly with a fairly short life expectancy, there would not be sufficient time for the linked contract to overtake the more traditional form.

Secondly, the equity market has always been volatile with in recent times the downs tending to balance the ups. With annuity business the life office has not the flexibility in timing that it has with life assurance. It receives money at the outset of the contract and is continually paying out thereafter. Thus, in theory, it is purchasing investments and selling them off thereafter.

Volatile market

This volatility in the equity market throws up a further problem with equity-linked annuities. The payments will fluctuate widely from year to year and this is a drawback even if the general trend is upward. The main purpose of this type of investment is to provide an income and any drop, however temporarily, is uowelcome.

A final point is that the market for this type of business is much smaller than that of life assurance. Business in annuities is more of a steady flow and does not respond in the same way to a hard sales campaign. Hence business cannot be raised quickly to take advantage of in-

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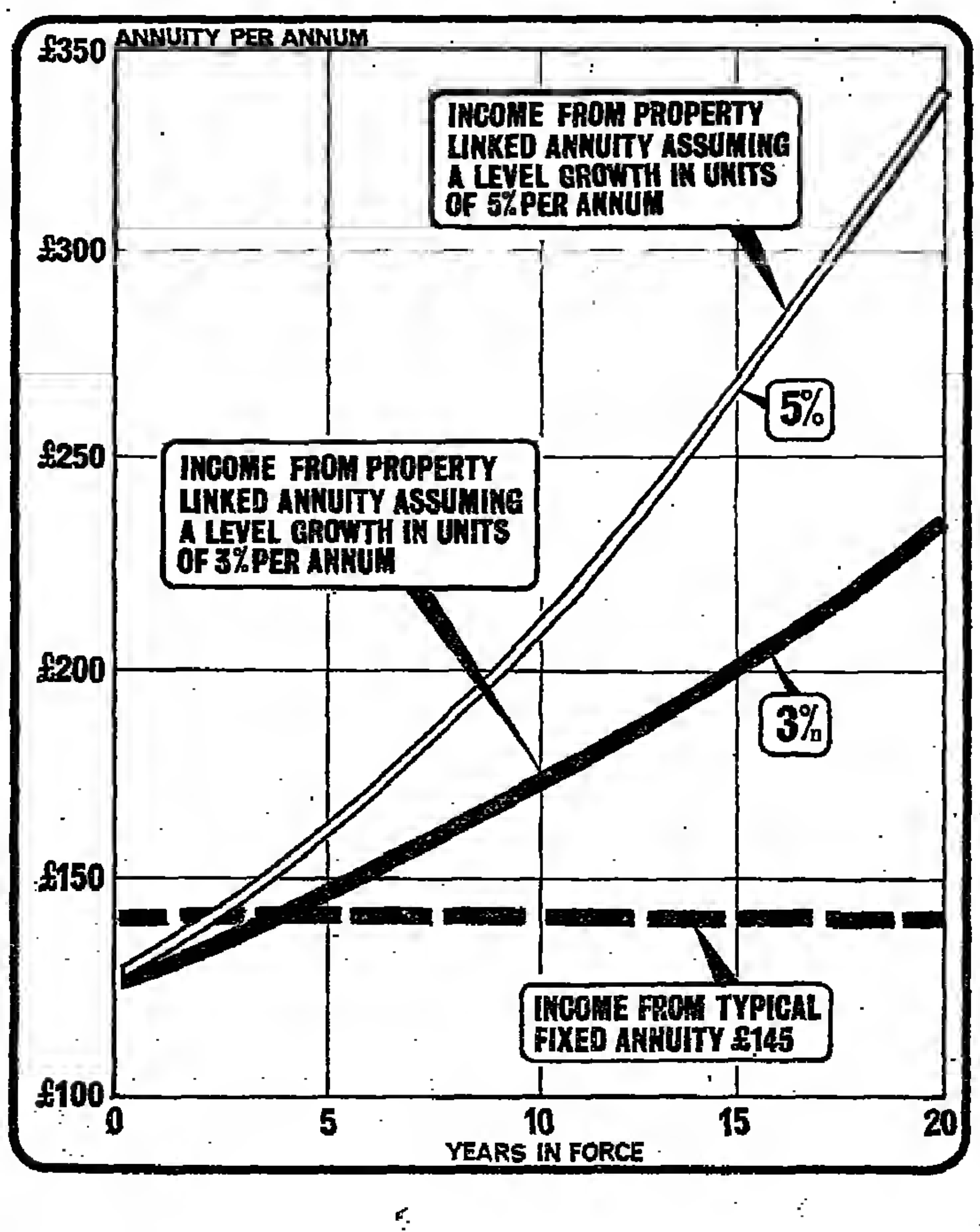

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UNIT TRUSTS VII

Marketing shortfalls spark new thinking

By JEREMY EDWARDS, Joint Managing Director, Vavasseur Unit Management Ltd.

The present state of the unit trust industry is causing disappointment to many management companies, which suggests that there may now be a need for some reappraisal of the marketing approach.

Following years of successful marketing, many unit trust managers have recently seen their sales declining, repurchases increasing and the general public reluctant to acknowledge the merits of unit trusts. Indeed, because the unit trust industry is said to be doing badly, many investors and savers believe this to be a reflection of their performance as well. The fact is that despite the recovery in stock market prices, sentiment is still largely against unit trusts. In previous bull markets unit trust sales have tended to pick up more quickly. In the current bull market, this has not happened and in order to isolate the reasons for the current lack of interest it is necessary to recall the factors which contributed to the boom of the 1960s.

UNIT TRUST ADVERTISING EXPENDITURE (£'000)

	1968	1969	1970	1971 (to July)
PRESS	3,240	3,270	1,630	924
TV	13.5	11	23.5	24.9
TOTAL	3,260	3,280	1,650	949

Unit trusts became accepted as an investment medium on a wide scale for the first time during this period. Their emergence coincided with a sharp increase in the pace of inflation which led to much greater public interest in the equity market. The bull markets of the 1960s, and particularly that of 1967-68, provided unit trusts with the performance necessary to justify their claims to beat inflation. Moreover, they provided the established investor with a method of investment that was far less volatile than an investment in individual shares.

It was not until 1970 that the picture began to change. The industry started to lose its momentum and has since followed a much less spectacular pattern of growth.

Advertising device

In line with this loss of momentum, the former main marketing device of the unit trust industry, newspaper advertising, has to a significant extent lost its effectiveness. Looking back to the early 1960s, unit trust advertising increased steadily and the levels reached in 1968 and 1969 were nothing short of phenomenal. In those years virtually any advertisement in any newspaper for any type of fund would more likely than not yield sufficient sales, not only to cover the cost of the advertisement, but also to provide a substantial surplus of profit. The effect on sales was therefore considerable and advertising expenditure expanded at a correspondingly fast rate. Since that time expenditure has fallen away sharply as illustrated by the figures in the table.

The question remains whether unit trust newspaper advertising will recover its former effectiveness. Although the underlying cause of the decline was the severity of the 1969-70 bear market, the competition provided by the bond markets, and in particular property and insurance bonds, together with the increasing public allegiance to fixed interest savings such as building societies and national savings, has greatly influenced the swing away from unit trusts.

Whereas in the 1960s the major proportion of funds coming into the industry was derived from single premium unit trust investment, to-day the picture has changed considerably and unit-linked life assurance schemes have now become significant contributors to unit trust sales. These schemes have not been affected by the poorer conditions for unit trusts to the same extent because they offer the investor the opportunity to contribute over a long period of time on a monthly contractual basis, whilst at the same time offering specific tax advantages. By this method unitholders are able to counteract the fluctuations of the market.

These policies have primarily been sold through the direct door-to-door method. There are clearly arguments both for and against selling this type of assurance and other savings media on this basis. Currently the Scott Committee is examining the whole question and criticism has recently been expressed of such methods in other quarters.

It must be recognised, however, that where the investment is spread over a long period and where the unitholder has the right at any time to terminate his policy (albeit at a cost) this method is far less undesirable than it would be for single premium plans where the timing of the investment could be quite wrong.

Adviser's role

Looking ahead to the marketing direction the industry will now take, I consider it is important to examine the role which the professional adviser can play in influencing individual investors and savers regarding the various alternatives open to them. I believe that it would be a step in the right direction if more people would seek help from stockbrokers, solicitors, accountants and banks, many of whom are in a good position to advise on unit trusts. This would avoid a repeat of the recent experience where significant numbers of unitholders entered the industry for the first time as a result of a newspaper advertisement, without always understanding the merits and risks of unit trusts as compared with other forms of savings media.

The greater dependence of unitholders on professional advisers would, I believe, be welcomed by the industry because undoubtedly it would lead to more of the right people buying the right trusts for the right reasons.

The investor would receive guidance on the question of timing and on the selection of the trust.

Furthermore, there would be a distinct advantage to the management company in that unitholders would become more contented and more stable because they had been professionally and properly advised and the management companies themselves would obtain their sales at a lower cost per hundred which would result in less pressure on their margins with which to provide a more personal and professional service.

Other methods of marketing and selling will no doubt be tried in the future. Over the counter sales on a large scale seem likely and the attention of unit trust managers may well be drawn more towards that segment of the market which traditionally has invested its savings in fixed interest media.

Direct means

The use of television may be effective if the industry expands into a very much wider market, but probably its use would always be confined to a supporting role to help draw attention to the advantages of unit trust investment rather than a direct means of selling. Similarly, Press advertising may have more of a support function in the future, although the value of the wide coverage it provides will ensure it a place in the launching of new funds.

It is acknowledged by the industry that one of the criticisms of its promotion is that it has tended to increase in line with a rise in share prices and conversely to draw to a halt as share prices fall. From the investors' stand-point the reverse situation would clearly be more satisfactory because he would be more likely to buy when share prices are low.

However, unit trust managers take considerable pains to stress that their funds must be regarded as long-term investments so that whatever the market conditions their skill and expertise at knowing when to buy securities and when to sell ensure that people's savings will show a better return than fixed interest investments.

There is little doubt that in the long-term equities must win over fixed interest investment, and the increasing competition from other savings and investment media will undoubtedly ensure ever increasing standards of performance and service within the industry.

Operators at the Emihus Microcomponents plant at Glenrothes, Fife, employing an ultrasonic energy process for bonding integrated circuits to outside connectors.

Annuities —(Cont'd.)

Continued from previous page

vestment conditions as with life assurance.

The performance of property bonds in recent years has shown that investments held entirely in property could provide the best solution in having a contract which would keep pace with inflation.

In the first place, the yield obtainable on property bonds is much greater than that on equities and in fact is not much less than that on gilt-edged investments. Currently, the starting value of a typical property linked annuity for a man aged 65 is £127 per annum for an investment of £1,000 compared with an average of £145 per annum on a traditional unlinked one. The difference would be acceptable to many investors considering the other benefits.

The performance of property bonds since their inception has shown a record of steady growth with little volatility compared with the equity market. Such a steady growth rate—it has averaged 6 per cent. per annum—would be most suitable to link with annuities to enable them to keep pace with inflation.

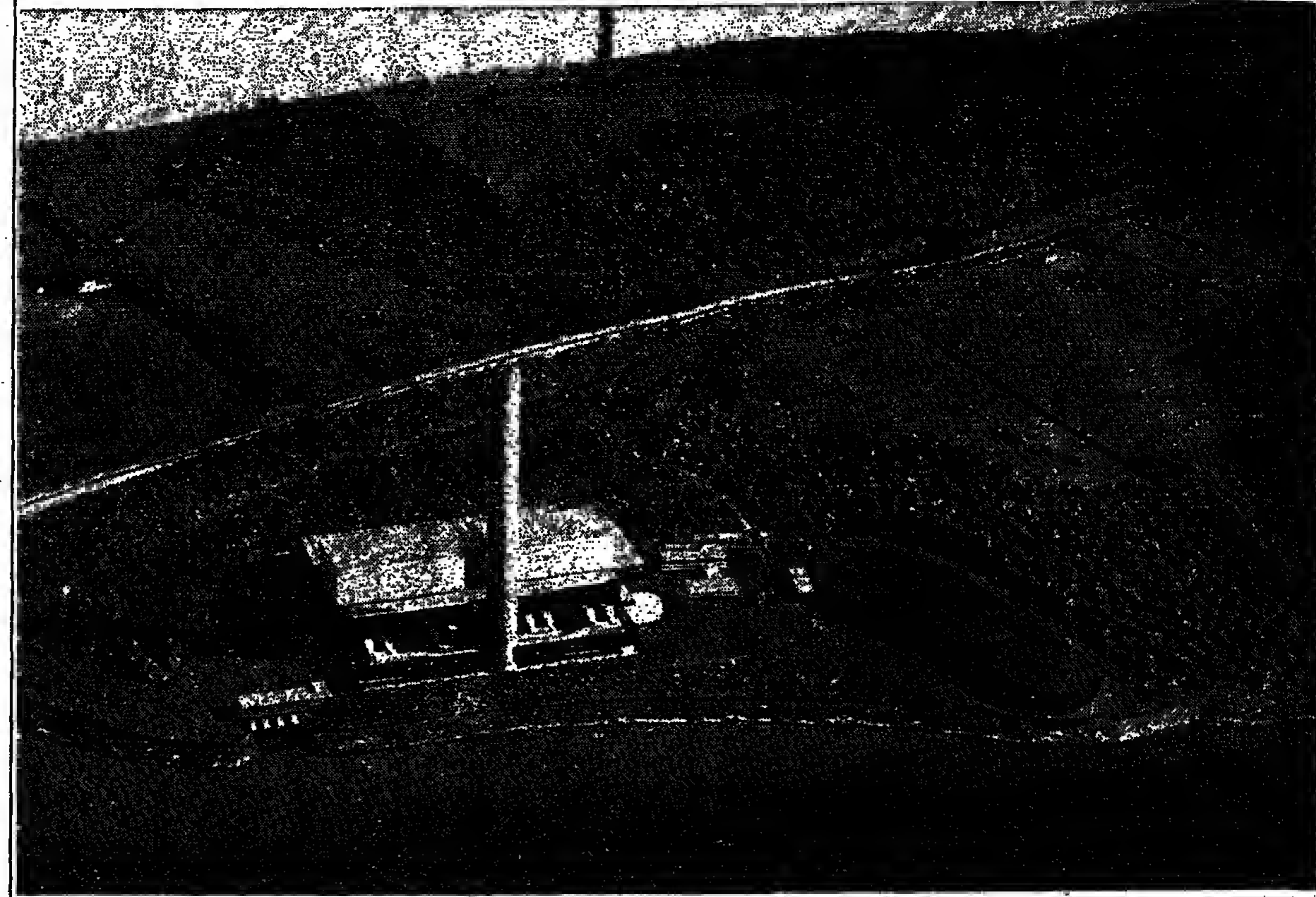
The accompanying graph shows how the annual payments of a linked annuity would grow on the assumption of a future rate of increase of 3 per cent. per annum and 5 per cent. per annum. A comparison is made with a fixed annuity and it shows how soon it is left behind by the linked annuity.

The quality of investment in property is discussed in other articles and the performance, in general, of the various property bonds on the market should give an investor confidence in this form of investment.

Although it is still early days in which to pass judgment, it seems certain that the property-linked annuity is the best answer yet to a contract which will provide an income which will not be steadily eroded by inflation and yet give a good return on investment.

The article has dealt with immediate annuities but there are other forms of insurance benefits which need protection against inflation and where a property linked contract would be the best answer. The obvious types are temporary assurances which are used to cover school fees and income benefits, which if and when they become payable serve a similar function to annuities.

UNIT TRUSTS VIII



Model of the South of Scotland Electricity Board's 1,980,000-kilowatt oil fired power station now under construction at Inverkip, Renfrewshire, on the Firth of Clyde.

Specialist skills and the pension funds

By DRYDEN GILLING-SMITH

Before the days of Crossman the most controversial pensions topic was usually whether a company scheme should be insured or self-administered. Most arguments on this topic were inconclusive and the participants finished the day by re-asserting their faith in whichever dogma currently enabled them to earn a living.

What is surprising is that very little real effort seems to have been put into any real analysis of what was meant by "insured" or "self-administered."

The advocates of self-administration were fond of asserting that a company could save money by adopting a "do-it-yourself" approach because in this way it could pocket the money that would otherwise go to the insurance company in profit. There were the obvious rejoinders to the do-it-yourself campaign and when the analogy with direct labour building projects was drawn there was no shortage of examples to show that some public bodies had lost vast sums as a result of expensive attempts to "do-it-oneself."

Fortunately pension opinion is now moving away from this excessive polarisation and companies are tending to regard the various tasks connected with running a pension scheme in the light of the different specialist skills that may exist within the company already or which should be bought in from outside.

One of the traditional weaknesses of British pension scheme management was an excessive preoccupation with technical "how it's done" questions rather than with the much more fundamental questions of what benefits should be provided and for whom.

Benefit formula

The up-and-coming company pensions officer was often tempted to believe that his role in the company was to prove himself as an investment whizz-kid — and this was a tempting idea in a world that seemed to live perennially in a bull market climate—rather than as someone who should be concerned primarily with up-dating the benefit formula and with the difficult task of communicating the benefits actually provided to employees.

If the bear market shake-out of 1969-70 has had a saintary effect on company pensions thinking it has been to bring home the realisation that investment of employee money requires expertise and is not a job for amateurs. Unless, therefore, tha company is in the investment business it will normally pay to eotrust the investment of pension fund money either to a merchant bank or to an insurance company.

Who in honesty could seriously advance the proposition that a superior level of investment expertise would automatically be found in one or other of these financiel institutions? The tendency would inevitably be for the advocates of self-administration to lay great stress upon the yield of the pension funds managed by merchant banks and for the advocates of insured achemes to point to the benefits of a comprehensive pensions management service embracing the skills of administration, benefit communications, actuarial valuations, and so on, that were all wrapped up in the standard pensions service provided by an insurance company.

A company with a pension scheme with perhaps 5,000 or more members and whose pension scheme was handled by an insurance company had often to live through some heart-searching moments while it listened to tales of the yield it could obtain on its money if it were to go self-administered. How could it prove or disprove these allegations when it was trying to compare the premiums and bonuses of, say, a with-profit group pension policy which included all the administrative and professional service costs of running a pension scheme with the gross yield obtained by a merchant bank on the pension funds which had been entrusted to its care? Even more misleading could be the attempts to compare such yield by simply looking at the amount the company was paying into the pension fund each year—of course, the amount paid in depends upon the funding rate decided by the actuary and funding rates can vary widely according to the assumption which the company or the actuary decide to make.

As far back as the early 1950s attempts were being made to sell an insured pension arrangement known in the trade as "deposit administration," under which the investment service provided by the insurance company was separated out so that the pension fund could ascertain the investment yield which was obtaining.

The normal type of deposit administration contract, however, was no more than an attempt to reflect the overall yield of the insurance company's investments in the individual pension scheme. Furthermore, deposit administration tended to be generally identified with a mechanism for enabling companies with insured pension funds to obtain the same tax treatment as companies with self-administered funds. The passing of the 1956 Finance Act did away with the tax anomaly that had previously existed in this field and for many people the Act was regarded as making deposit administration obsolete.

Separate fund

The real breakthrough came at the end of the 1960s with the introduction of what is described as the "managed fund." Under this arrangement the assets representing a company's pension investments, or possibly a pool of company pension investments, were held in a separate fund so that both the interest income and capital gains could be ascertainable. With the rapid development of unit-linked life assurance it was inevitable that the question of adopting a unit base for a pension scheme should be given serious consideration. The managed fund Mark 2 is in fact based upon the unit principle, but with the trustees of the pension fund left free to decide each year how much would be invested in equity units, how much in property units and how much in fixed-interest units.

Arguments have been advanced against this development based on the view that if an insurance company is entrusted with the investment of a pension fund it should not be interfered with. This is perhaps a purist view in that a company with a self-administered fund can make all its investment decisions. It seems, therefore, a reasonable half-way solution to allow discretion as regards investments in property, equities and fixed-interest securities.

The development of this unit-based pensions contract has been of major significance for large companies with pension schemes. They can measure the yield offered by an insurance contract based on the unit principle as against the investment performance of other financial institutions and participate in some of the broad decisions regarding the annual distribution as between equities, property and fixed interest. At the same time they can accept or reject each of the pensions services that are normally provided as part of a single package.

It is probable that the 1970s will see an extension of the unit principle to schemes for small- and medium-sized companies, a development that is likely to run in parallel with the gradual replacement of traditional "savings" type life assurance by unit-linked policies. This will, however, require an increased awareness on the part of the company operating the scheme that unit values can go down as well as up, particularly in the short term.

The investment guarantees that have been built into the traditional types of insured pension policy may well disappear from the scene in many company schemes. Where they are required they will have to be paid for at a realistic rate but this is inevitable and perhaps a desirable development in a period where the services provided by insurance companies are more and more being broken down into their constituent parts and charged for accordingly. You get what you pay for.

Industry seeks charges increase

By JEFFREY BROWN

These days legislation is a word that has begun to feature prominently at most unit trust gatherings, and with good reason. For speculation among thosa directly concerned with fund managing is warming to the hope of concessions from the Government in two major areas diractly affecting the industry's pocket.

One concerns fees (the cost of investment to the investor) and the other capital gains tax —the hope for fees being a straightforward increase in charges while on the gains tax front it is the possibility of unloading some of the administrative burden now borne by the fund groups. At present it is hard to be dogmatic on either subject, but available indications point to Government decisions perhaps not being so very far away.

Pointers suggest that the Board of Trade has been quietly talking around the industry, and that can be no bad thing given any set of circumstances. As a general rule though, apart from the thorny subject of management fees and gains tax liabilities, unit trust groups would seem to have few complaints over the way they are treated by legislation. Over the years the rules have been honed down into a fairly cohesive and coherent arrangement for the protection of the industry and of the investor.

Watchdog trustee

The BoT, of course, has the final say, but each fund has a watchdog trustee who among other things keeps a tight rein on the sort of advertising that any one fund or fund group produces in order to attract investment. That is a particularly important part of a trustee's job but with the need to maintain rigid and unimpeachable standards few fund groups would argue with current practices.

What the fund industry does currently have strong feelings about is management charges. The present situation finds the registered funds able to charge 13.25 per cent. of funds over a period of 20 years, out of which a maximum initial levy of 5 per cent. may be implemented together with a corresponding annual charge on the valua of the funds.

The point here is that tha unit trust industry is now feeling the cost pinch, and in a fairly substantial way. The net inflow of new money into the industry is hovering around its lowest

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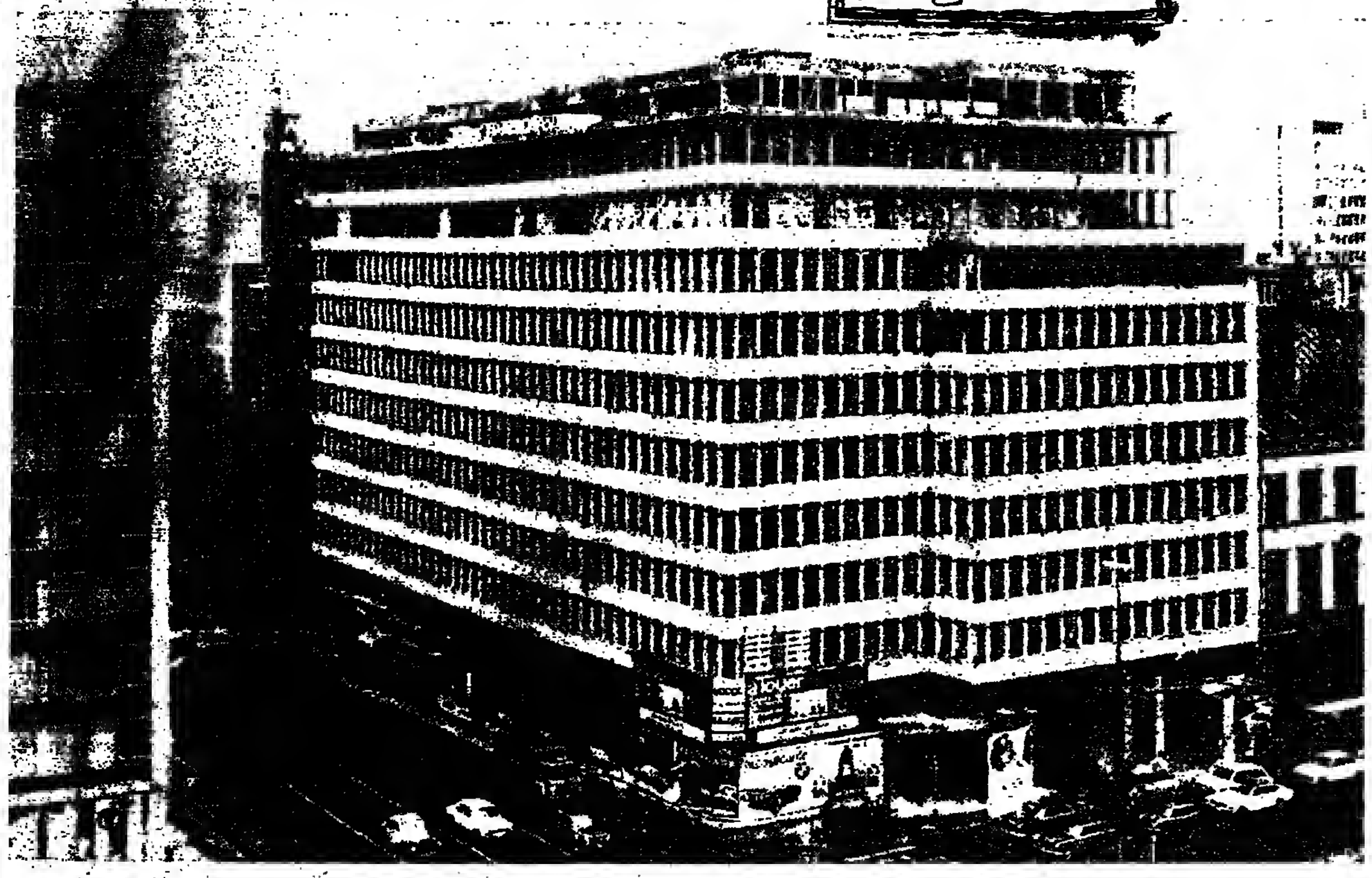
UNIT TRUSTS IX



An 11-storey office block developed by Taylor Woodrow Property Company's subsidiary, Taylor Woodrow (Arts/Loi) S.A. in Brussels.

There is a lot to be said for investing in Europe

By PETER RIDDELL

As the date for Britain's entry into the EEC approaches, the unit trust industry, in common with the rest of the City, is beginning to work out the implications and possible benefits. To date little of substance has emerged but the opportunities offered are apparent enough, if only in contrast to the marked degree of insularity at present.

Thus there are only two authorised U.K. unit trusts which now specialise in Continental markets — Schroder Europe (formerly the Trans Europe Investment Trust) and Save and Prosper's European Growth Fund (formerly Cross Channel units). There are, however, several other funds with international portfolios, mainly in the U.S., Japan and Australia.

At the same time there has been little investment in U.K. unit trusts so far by EEC residents. In part this is a result of tax laws (notably withholding provisions) and exchange control regulations, but the IOS debacle has also been an important deterrent. In addition to the unfavourable publicity involved, some countries like West Germany, where IOS raised large sums of money, have subsequently passed legislation which has made it unattractive for outside mutual funds to operate there.

Remove obstacles

EEC entry will, of course, remove many of these formal obstacles to investment, as capital movements will have to be freed in line with Community directives. Thus the investment dollar premium mechanism—at present a major obstacle—will be phased out and steps to dismantle the pool should probably begin soon after entry in 1973.

But this will still leave several important barriers to overcome—notably differences in accounting and valuation procedures. And here there are not only significant differences between the U.K. and the EEC but also between the Six themselves. Germany and Holland are in fact the only countries approaching the level that is normal in the U.K. following the 1967 Companies Act and subsequent accountants' recommendations.

Accounting laws

In other EEC countries, accounting standards do seem to be inadequate in comparison with the U.K. in terms of both the information supplied in published accounts and the criteria applied in drawing up those items that are published. Consolidation of accounts is becoming more common, but true profits can still be distorted by inflated depreciation charges and hidden transfers to reserves.

Various international bodies, including the Community itself and the International Federation of Stock Exchanges, have been making progress in recent years in harmonising requirements by, for example, working towards a mutually valid ticket of international acceptability. (The Federation has incidentally produced a code embodying standards of good practice for mutual funds.) But there are still major differences and there are other types of problem in evaluating companies such as a two-tier tax system which limits the use of conventional U.K. yardsticks like price/earnings ratios.

But given that these barriers should *eventually* be reduced, will London emerge as the financial centre of the enlarged Community, enabling the unit trust industry to attract savings from throughout Europe? The City is certainly confident enough at the prospect of entry as London appears relatively more skilled and sophisticated than other markets.

The key factor here for unit trusts is the different tradition and development of equity investment in the Six compared with the U.K. Thus the London stock market is far and away the strongest in Europe: at the end of 1970, for example, the entire capitalisation of the EEC markets was £35,200m. whereas the U.K. alone was valued at £29,600m. There are, in fact, fewer stocks quoted on the Continent since many companies are controlled by the state, banks or family-owned trusts. Only 50 companies in the EEC have equity capitalisations of over £100m. against 60 in the U.K. alone.

The background to these differences was identified in the Segre report of 1966, which pointed out that the preference of small savers for liquidity in their investments has meant that small savings have tended to be channelled to industry via savings banks and the like. In the absence of open and active stock markets investors have shunned equities and the lack of an efficient secondary market has discouraged institutional investment as well.

Looks justified

Given all this the confidence of London looks justified and it is arguable that once the legal barriers are removed U.K. unit trusts could have considerable attractions for Continental investors. And while the potential in an enlarged market with nearly five times our own population is obvious enough the actual development will probably be slow as on the one hand unit trusts learn more about the needs of this market and develop new promotional techniques and on the other Continental savers get accustomed to the new investment medium.

But in the short-term at least greater opportunities would seem to lie in increased investment by U.K. unit trusts in Europe. Judging by past events it would not be surprising to see several specialist European funds coming on to the scene if and when any public enthusiasm for entry develops. At present, most fund managers seem relatively ignorant about the detailed situation in European markets though the merchant banks, with their existing connections, appear best placed to remedy this deficiency.

Risen strongly

There is, in fact, a lot to be said for investing in Europe at the moment as most of the main EEC stock markets, though influenced by similar inflationary and international trade pressures as the U.K., have remained comparatively depressed while our market has risen strongly. A good illustration of this is the sizeable price discrepancy between London and Amsterdam in the case of both Shell and Unilever.

Over the longer run the growth of international companies within the EEC, along the lines of the Dunlop-Pirelli merger, should produce some attractive investment situations for unit trusts. Such companies will automatically have to conform to high standards of accounting practice and disclosure and their shares should in most cases be very marketable. There is already one major case of investment from both inside and outside the EEC in a joint international project, namely the North Sea exploration by Petrofina.

Charges increase—*(Cont'd)*

Continued from previous page

level for a decade. Against that, costs have edged upwards and many of the smaller fund groups are currently finding it hard to make ends meet.

What we have then is a strongish industry case for an increase in fees; a case perhaps for pushing the maximum charge up from 13.25 per cent. over 20 years to, say, 15 per cent. A second point is that many managers feel there is an equally strong case for telescoping the 20-year period into a less lengthy affair. Unit trust investing has for many become substantially more sophisticated since the twenty rule was first laid down—what with the growing trend to jobbing in and out of units on a less "long-term" orientated timescale.

The subject of management charges must inevitably raise the hoary old question of performance fees. These would certainly come to the aid of fund group financing (or at least of the successful groups) but the difficulties of implementation here are almost incalculable. The obvious dangers arise when comparing different funds' performances, given the varying structure of the industry from outright growth units through specialisation to solid income.

When it comes to some form of exemption from capital gains tax the difficulties are equally plain. For the Government it means an immediate loss of revenue, which rather tends to rule out (?) hopes of complete exemption. However, the present Government when fighting for election in 1970 hinted at some concessions for investment and unit trusts and the hints have since been endorsed by various ministerial speeches on the subject.

Needless to say, the Association of Unit Trust Managers has been forcefully lobbying for some exemption. What the industry is particularly hopeful about is a switch in the way gains tax is paid. At present the liability lies with the fund groups, which pass it on to the unitholder via a costly administrative process. The fund groups argue that the liability should be laid wholly at the door of the investor who should pay gains tax on the realisation of any investments.

Some stimulus

The industry at large had great hopes of something along these lines emerging from the latest Budget, and in that respect there were plenty of long faces in the industry when nothing materialised. However, the April Budget was not all disappointment, for the Chancellor abolished short-term gains tax in favour of a straight (30 per cent.) charge. This, together with tax concessions to the income sector of the stock market, has done much to stimulate investment.

What moans the unit trust industry might have then centre upon gains tax administration and fee levels. The trustees role, advertising restrictions and selling limitations—door-to-door selling of strict equity investment is prohibited—generally receive nodding approval by the industry, despite the fact that the latter, if sold via an insurance link, is perfectly legal.

Most fund groups agree that door-to-door direct selling could involve more problems than its intrinsic worth. The obvious point here is the sheer expense of maintaining an effective and acceptable squad of selling agents. Only the bigger groups could afford such practices, and even then it is a moot point whether any such outlets—given the public's present distaste for equities—would be able to pay their way.

Investor inertia as regards the Stock Market is graphically illustrated by the currently declining trends in sales of new units and in the high levels of re-purchases—the cashing-in of existing units. These trends lead to yet another obvious question, namely, should the fund groups stick to equities in the first place? In short, cannot other more lucrative forms of investment be used as a channel for the investing public's funds?

The main competitor to equities is, of course, property, witness the mushrooming growth of property bonds in recent years and the level of cash that a leader in the field like Abbey Life can attract (around £3m. net a month). Other alternatives run the full gamut of the art world from Picassos and Gainsboroughs to previous gems. The investment problem here though boils down to marketability, and that is a major difficulty.

Probably right

Like property, there is no quick get out if demand trends start to take a less lucrative turn. Unlike share prices there is no ready-made quick-sale option within easy telephone reach. Thus the investor willing to chance his cash with a not guaranteed but reasonable longish-term hope of outpacing inflation is probably right to stick with the equity market.

The Common Market looms large. There is a growing sophistication in world Stock Markets and world demand for investment continues to grow. As investment integration between nations takes place the outlook for the investing public would seem promising, while the scope for unit trusts is almost unlimited.

Given some encouragement from the Government, which after all must have a vested interest in promoting public saving trends, that promise could be enhanced.

UNIT TRUSTS X

The advantages for the larger investor

By W. G. OATES, Marketing Manager, Hill Samuel Unit Trust Managers Limited

Although unit trusts originated 40 years ago it was only in 1962 that unit trust management companies began to cater specifically for the larger investor by launching trusts with a high minimum initial investment. Since then, this type of trust has enjoyed increasing popularity and at the end of December, 1970, there was some £145m. invested in unit trusts requiring a minimum £1,000 initial investment.

	Five years to August 31, 1971
FT All Share Index (average of 621 shares) ...	+99.3%
Unitholders Index* (average of all unit trusts)	+79.4%
FT Ordinary Share Index (30 selected Ordinary Shares)	+35.9%
Inflation based on General Index of Retail Prices	+32.4%

* The Unitholder Index is an average of the growth of all unit trusts which is published monthly by Money Management and Unitholder.

A fair amount is known about the sort of investor attracted to these unit trusts: he will invariably own his own home, have reasonable life assurance arrangements, pay income tax at the standard rate, often surtax as well, and his estate is probably liable to duty at 30 per cent. or more.

Because his investment in stocks and shares may be only one aspect of his personal financial affairs he has problems not experienced by the smaller investor. Often he needs to use several different investment mediums to achieve his investment and savings objectives; to obtain the greatest benefit a prudent deployment of his assets is required.

Before looking at unit trusts a brief consideration of the pros and cons of other investment media can show the merits of deployment or diversification.

Now that the tax allowance on bank interest paid on general overdraft facilities is limited, it is more important than ever to have some funds available on instant call for emergency. Building society and bank deposits are ideal for this purpose. However, both are subject to surtax and neither afford protection against the erosion of value from inflation. It is important therefore to keep such money at no more than the maximum level required for emergency.

Little protection

National Savings can also provide fairly accessible funds and also often without any tax problems. Again, however, there is little protection to capital value in this age of inflation.

Insurance bonds of various types provide an answer to inflation and, although they can provide tax-free income on a withdrawal basis, an investor could be locked in until his tax situation is right for him to come out. Frequently an investor in bonds will find his tax liability increases as his income increases so that he must wait until retirement, when his income reduces, before coming out of the bonds. This could be a problem on an estate duty planning exercise if cash is required.

This leaves only two other means of protection against inflation: property and stocks and shares.

Home purchase

Property, on a long-term basis, is highly profitable but an initial large investment is required and problems arise with management and disposal. A reasonable property investment also means that one is placing rather a lot of eggs in one basket so that while home purchase is to be recommended, further property investment, unless there are considerable funds available to buy various types of property in different areas, could be hazardous. It is for this reason that property bonds can hold considerable attraction as they can give a spread of risk.

Finally there are Stock Exchange investments, where Ordinary shares in companies can provide a useful hedge against inflation and give greater opportunity for diversification and spread of risk than direct property investment. But there are problems. Considerable expertise is required in knowing which shares to select, when to buy and when to sell them. Most investors need the advice of a stockbroker though the pressures of rising costs have made it difficult for the stockbroker to monitor private client funds as often as he would like to do.

The larger investor is not necessarily faced with the same problem as the small investor in getting a balanced spread of shares, so essential in reducing the risk element. But especially with rising costs, it is difficult for him to obtain the advice and day-to-day management of his shareholdings which is so important in making the most from his investments.

Professional portfolio managers supervising investments on a day to day basis find the cost of dealing, maintaining records and coping with all the paperwork is usually unprofitable unless each investment is of the order of between £2,500 and £4,000 in value. Since a spread of approximately 40 shares is desirable to obtain a spread of risk and a balanced portfolio, the minimum portfolio required is around £100,000. This is why few merchant banks offer portfolio management to people with less than £100,000 (many stipulate a £250,000 minimum).

This is where unit trusts come into their own. Take, for example, an investor with £20,000. He probably has 20 to 30 investments bringing him in between 40 and 60 dividends a year. Every time he buys and sells he has to make capital gains tax calculations. He has constant worries as to whether he is buying the right shares at the right time—and there is always the danger that he is missing investment opportunities or that a rights issue or merger scheme will involve one of his investments while he is away on holiday or abroad on business.

Were he to put all, or part, of his capital into unit trusts these problems would be considerably reduced. He can still achieve his own particular investment emphasis by using part of his funds to purchase reasonable sized holdings in a limited number of shares which he could then supervise more easily and be more likely to get frequent advice from his stockbroker.

As regards the performance of his unit trust investment, this naturally depends on which unit trust management group he has selected.

There is fairly constant comment on the performance of unit trusts and controversy as to how to measure it effectively. The problem is to compare like with like. No single index can provide a yardstick for all unit trusts. To say that only 40 out of some 260 unit trusts have beaten the Financial Times All-Share Index is taking a short-term view and stocks and shares are essentially a long-term investment.

In fact, at the end of June, 1971, less than 100 unit trusts had been in existence for more than five years and only about 10 per cent. of these had failed to beat the Financial Times Industrial Ordinary Shares Index over that period. Two of them have been invested in fixed interest stocks, and six have been part of a group which has undergone constant management changes.

The All-Share Index is far more difficult to beat and only about 10 per cent. of all unit trusts have achieved this over the long term. Save and Prosper, M & G, Ebor, Allied Hambro and Hill Samuel are among those unit trust management groups who have at least two trusts in this category over a five to eight-year period.

Performance tables

The wise investor should select a management group which has one or two of their trusts with a long-term record of outperforming the All-Share Index and whose other trusts appear consistently in the top 50 performance tables over a period of two to three years.

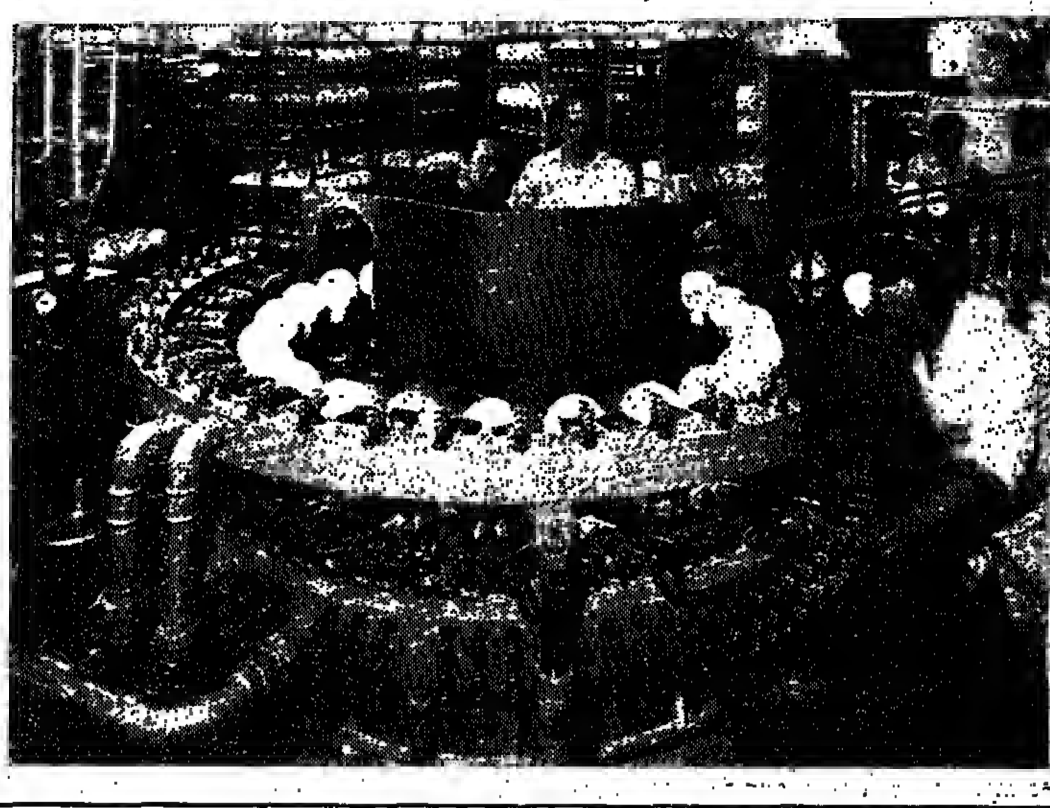
This method of selection does omit some of the newer management companies with considerable reputation for investment expertise and it also ignores the possible change of management over the years. However, investment management of unit trusts with its gains tax, non-gearing unfranked income and liquidity problems does call for a different management investment approach. Selecting from groups who have proved their ability therefore has its merits.

Do unit trusts have any drawbacks for the larger investor? One point may be that since they are managed for people with corporate investment objectives, capital growth, overseas, or commodity investments for example, the individual cannot obtain a tailor-made portfolio to meet his own precise objectives.

Nevertheless, unit trusts do provide a first-class service to the larger investor by eliminating many of the investment headaches and paperwork. They also offer an exceptional long-term investment opportunity to achieve investment growth and also beat inflation as is illustrated by the accompanying figures taken over a five-year period ending August 31, 1971.

Left

Mr. W. G. Oates of Hill Samuel Unit Trust Managers Ltd.



Below

Specialised tungsten lamps on a circular course of manufacture in Philips Electrical factory at Hamilton, Scotland.

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UNIT TRUSTS XI

Limited initiatives so far in the company field

By BARRY RILEY

To the question of whether the unit trusts see themselves as a pressure group exerting an influence on company managements to improve standards of business efficiency and conduct the straight answer is no. The men who run unit trusts think of themselves primarily as investors, producing such a performance of their portfolios as they can by the scale and timing of their purchases and sales. On the other hand, an industry as large as this—unit trusts now manage funds of some £1,800m.—can hardly abdicate all responsibility towards the discretionary use of the power which their position necessarily gives them. Thus the trend towards greater institutional initiative in the field of company-shareholder relations has not passed the unit trust movement by.

If the unit trusts sometimes seem to lag in this direction compared with other types of institution like, say, the pension funds, one answer could lie in the typical managerial set-up of unit trusts. Very often the managers are part of a wider financial grouping involving, perhaps, banking and insurance; this makes it hard to get involved in a delicate or controversial initiative without fears, real or otherwise, of a conflict of interests.

Room to manoeuvre

Moreover the unit trusts would take the line that the remedy for a duff investment is to get rid of it, and most of them are small and manoeuvrable enough to do so (provided, of course, they are quick enough on the uptake). Many pension or insurance funds, however, are large and ponderous and may feel that long-term problems require a more direct approach. To take the classic example, Prudential Assurance is simply too big to achieve its investment objectives by a wheeling and dealing approach.

Perhaps the best-documented example of the tougher attitude by the Pru is the Vickers affair—the move in conjunction with other big institutions to shake up the management at the ailing engineering group. That approach last year succeeded in bringing about changes at Vickers, though it has done nothing so far for the share price. And the fact that another prominent member of the group of institutions was Hill Samuel, the merchant bankers, does introduce a unit trust connection.

Hill Samuel, after all, runs unit trusts with funds of over £80m. Yet there are too many other factors involved to count this as a straightforward unit trust initiative—though clearly any Vickers shares held in the unit trust portfolios made the position of HS that much more powerful.

Rescue operation

Another case involving the Prudential, and this time Robert Fleming, managers of the £400m.-plus funds of the Save and Prosper group, was the rescue operation in mid-1970 organised to keep Aberdare Holdings afloat. The Pru and Fleming put up £1.25m. between them, but here again the latter, with plenty of other irons in the fire besides S and P, was wearing too many different hats for this to be ranked as a unit trust intervention.

However, one recent instance of a unit trust group deciding to take a public stand in a management situation was the battle at the S and K Holdings annual meeting last July when the M and G group led opposition to the Board's plan to change the company's auditors. The Board easily won the day, but despite what it knew beforehand was almost certain defeat M and G decided to speak up over what it saw as a matter of principle.

The drawback to speaking up, however, is that there can be murmurings in the market of the "sell out or shut up" variety: there has been a certain amount of comment about M and G's decision to hold on to the S and K shares after it was outvoted. On performance grounds, however, M and G is certainly justified—the shares have moved up fast in recent months.

In cases where a company's quotation is suspended, of course, the option is no longer there. Here the unit trusts, among other institutions, have to organise themselves — together, it may be, with ginger groups of private shareholders —if they think their interests are not being properly recognised. This is what happened with Blanes, whose quotation was suspended a year ago; proposals by the Board to put the group into voluntary liquidation then followed.

The payout to Blanes' shareholders from liquidation would have been tiny, so institutional holders moved into action: they included unit trusts groups like Tyndall (whose funds are managed by Warburgs) and, once again, M and G. After a lengthy row, the Board was defeated at an extraordinary meeting in April, and the institutions nominated new directors to replace the old Board, which resigned in its entirety.

Such spectacular cases are naturally rare, but behind the scenes pressure when a company goes seriously off the rails is probably quite common. Needless to say there has been great concern over the Pergamon Press affair, but after more than two years there is still little sign of shareholders getting their quote back.

Unit trusts can get on to more contentious ground when they become closely involved with takeover bids, perhaps mounted by the parent of the management company or by an associate within the same group. The trusts could then be used to build up a strategic holding in a victim company ahead of a bid. It is hard to find bids where unit trust holdings have been critical in success, but obviously the structure of groups like Jessel Securities and Slater Walker makes it inevitable that their unit trusts will get caught up in the takeover operations of the parent companies.

Similar lines

Generally, in fact, the unit trust analysts operate independently. But the recent block offer by the Slater Walker Assets trust, which bases its attractions on spotting takeover or similar situations, implies that it and the parent company (with its claimed "expertise" in assets situations) will at least be thinking along similar lines.

The most useful contacts between unit trusts and company managements are unlikely to reach the attention of the general public. Such contacts may relate to fairly mundane problems, like the design of an executive incentive scheme, but are none the less valuable for that. Institutional shareholders can be an effective sounding board to test City reaction to a proposed move, and so avoid the possibility of a public row, of which the National Association of Pension Funds' recent opposition to BTR Leyland's incentive scheme was a recent example.

Usually discussion is confined to an unofficial network of fund managers, rather than going though any organisation. In such matters the accent is very much on the confidential approach: a quiet chat is one thing, but formal discussion — probably involving information not widely released to shareholders at large — is quite another.

International money via the Euromarkets

By WILLIAM F. LOW

EVER SINCE the Eurodollar market emerged during the latter half of the 1960s as the largest money market outside the U.S., it was inevitable that there would be moves to control it. Central bankers and politicians engaged in the fight against rising inflation often found it convenient to blame the Eurodollar as the main source of their troubles. Regulate the "Frankenstein Monster," so the argument ran, and the problems would disappear.

Opponents of the "freest of international financial markets" seized their opportunity during the crisis of last May, when huge inflows of "hot" money—most of it channelled through the Eurodollar market—forced the West German authorities to allow the Mark to float. Shortly afterwards, the major central banks decided not to make further official deposits in the Eurodollar market and, in certain circumstances, even to withdraw funds.

Curious affair

Central bankers, much to their chagrin, discovered that they themselves were responsible for much of the "unhealthy" growth of the Eurodollar pool. This curious state of affairs arose through central banks depositing some of their surplus dollars in the Eurodollar market through the Bank for International Settlements (BIS). These funds, which were borrowed by companies, eventually were sold back to the central banks, some of which again redeposited the dollars back in the market.

The central banks' regulatory action, which appears to have achieved only limited success, was the first time that a concerted international move against the Eurodollar market had been taken. However, the market has been subject to a large measure of control imposed by national Governments for several years. The authorities in various countries have instructed, from time to time, local banks to limit their Eurodollar holdings and have also restricted Eurodollar borrowings by companies. A prime example of the latter form of regulation is the Bank of England decision at the beginning of this year whereby companies were forbidden to borrow Eurodollars for domestic use for periods of less than five years.

Despite the variety of restrictions already applied to the Eurodollar sector, strong pressure is still being exerted to introduce more controls. The aim of these "anti-Eurodollar" bankers and politicians appears to be the establishment of a central authority to regulate the market. Quite apart from the immense difficulties involved in co-ordinating the often-conflicting policies of different countries, there are other sound reasons why supranational control is not welcomed.

No less a figure than the Governor of the Bank of England, Sir Leslie O'Brien, has come out against blanket control.

Likely effect

"If we attempted to solve the problems of international adjustment by legislating the Eurodollar market out of existence," Sir Leslie claimed, "we should discover one of two things. Either the attempt would be largely ineffective because the Eurodollar market would simply shift its location to an unregulated centre; or its effects would be quickly undone, as other mechanisms came into being to take its place."

Of course, Sir Leslie has good reason to plead so eloquently for the preservation of the market in its current form: London is the undisputed centre of the Eurodollar market, this position bringing to the City not only considerable prestige, but also definite financial benefits. However, the Governor's self-interest should not be allowed to obscure the fact that as one of the very few people who actually knows how the market operates, he believes that controls ar not the answer.

Another voice to be raised against indiscriminate supervision is that of Dr. Fritz Machlup, of Princeton University. Regulation of the Eurodollar market he warned, could lead to "terrible blunders."

In view of the benefits that the Eurodollar market has produced, the world would lose if "vague fears" of undefined dangers resulted in "clumsy regulations" that again would carve-up the world into "bureaucratically controlled fiefdoms" without free access to an efficient system of distributing capital funds from everywhere to everywhere, Dr. Machlup forecast. This is an argument which commands strong support in pro-Eurodollar circles.

Another and, perhaps, more valid reason for seeking tighter supervision of the Eurodollar market is the danger of a default by a borrower. The Financial Times Euro-market Letter has estimated that as much as $10,000m. was raised for periods of between two and seven years last year, and there is every indication that this year's total will be about the same.

Syndicated basis

Most of these medium-term Eurodollar loans are arranged on a syndicated basis. This means that a bank or group of banks will form a syndicate of as many as 50 banks to put up the sum required by the borrower: the size of these credits varies between $20m. and $300m., with $100m. fairly common. The banks involved should, of course, satisfy themselves that the borrower will be able to repay the principal and interest on the appointed dates. Some commercial bankers, however, have expressed fears that lending practices in the medium-term sector are not as sound as they should be.

Earlier this year, John Place, then vice chairman of Chase Manhattan Bank, criticised in forthright terms the growth of a number of questionable lending practices in the Eurodollar market. Among the points he made was one concerning the "significantly" different policy being adopted by American banks to their Eurodollar portfolios, compared with their domestic lending activities. Because a transaction was denominated in Eurodollars, Place maintained, some bankers would extend terms they would shun at home unless there were proper covenants.

Some bankers have suggested that the leading banks involved in the Eurodollar market should set-up their own control body, rather than have governments force supervision upon them. Self control, it is argued, would be more effective than a committee of bureaucrats tying-up the market in red tape.

Whether bankers like it or not, the Eurodollar market is certain to come under increased scrutiny from interested parties. Instead of merely protesting, Eurodollar bankers should start taking steps to ensure that the would-be controllers do not find excuses to justify their action.

Investment trusts continue to enjoy a high level of confidence

By E. G. LIBBY, Norris Oakley Richardson and Glover

The investment trust movement is now passing into its second century and as befits maturity the companies are well managed, have shown the ability of maintaining continuity of management and are highly regarded by the public. An investment trust provides a moderately geared-up method of obtaining an interest in a mansged portfolio subject to continual supervision. Insofar as there are drawbacks or criticisms these relate to the well known discount on asset value and whether managements are adventurous enough, given their secure base.

Trust company stocks nowadays are freely marketahle in the sense that transactions can almost always be arranged at a price. However, the fact that the price is determined hy supply and demand means that it is nnlikely to coincide with asset value and thus a premium or more often a discount occurs. The presence of anomalies may be a boon to the sophisticated investor but may discourage the less enligbtened in view of the fact that in an unchanged general market a price may rise or fall 20 per cent. merely due to a change in investor sentiment. There is no doubt that marketability considerations and discount have, in part, accounted for the divergent growth of two movements that superficially are catering for the same market.

Sharp narrowing

Over long periods investment trust equities have bandsomely out-performed the market aided by their geographical spread and gearing. In the period from 1945 to 1961 this was reinforced by a sharp narrowing of discounts. It is likely, in future, that investment trusts, due to very mnch reduced gearing, will move more in line with the market as a whole or at times inevitably lag behind. This last point is worth making, in view of the disappointing performance this year which can be demonstrated by the relative performance of the F.T. Actuaries Ordinary and Investment Trust Indices.

In fairness it must be pointed out that investment trust portfolios, with their international spread have suffered from tha unusual situation of a strong U.K. market and weakness in almost all other world markets. The steady decline in the dollar premium has also heen a contributory factor although in buoyant markets it is disappointing that a reduction in the discount on asset value has not taken up the slack and that portfolios as a wbole have not performed better in relation to the relative indices.

From a management point of view it is an advantage to have a closed end fund in a hear market and no doubt unit trusts have been inhibited by liquidity requirements. On the other band investment trusts suffer from their gearing in a falling market and some liquidity may be necessary to nullify the effects of a geared capital structure. However, there are less tensions in liquidity indnced by performance considerations than by involuntary liquidity. Possibly investment trusts should take greater advantage of their fixed structure by investing more in less readily realisable situations such as unquoted securities or property. Where this has occurred there has been no lack of investor enthusiasm for the companies.

The advantages which investment trusts have, vis-a-vis unit trusts, are mainly inherent but are worth mentioning. Investment trusts have the advantage of a geared capital structure and, as mentioned above, enjoy a greater continuity of management. Costs of administration are less. They also enjoy a more relaxed life through not being so exposed to the public gaze.

Asset value

Where investment trusts have particularly scored in recent times is in their ability to raise money. In order to do this wben disconnts on asset value are almost universal and savings media out of favour, it bas been necessary to employ unusual methods. The drawback to sucb methods are that an ideal capital raising operation should have as wide investor appeal as possible and the security should be easily understood. Insofar as these canons have been violated many of the methods used cannot be repeated indefinitely. Possibly the most interesting development, as in other markets, has been the use of Warrants and it would seem that investment trusts are particularly suitable for this instrument.

In view of the similarity of aims of investment trusts and unit trusts, it is not surprising that there bave been attempts st synthesis over the years. In the early days of the unit trust movement, investment trust units were formed with the sole object of investing in investment trusts. There bave heen many other sucb unit trusts formed over the years. The formation of two split capital investment trusts to bold nnit trusts this year are the latest attempt at synthesis. These companies are probably the ultimate in split capital trusts as by their nature the asset value can be readily determined and the dilemma of capital appreciation versus income bas been removed from the managers.

Specialist sector

The appeal of split capital trusts is restricted to a specialist sector of the market and thus the amount of money that can be raised by this means is limited. Perhaps with easier money conditions and the ahility to raise prior charge capital an attempt will he made to form a conventional investment trust to hold unit trusts and certalnly an immediately accessible asset value would appeal to many investors. This conld be a test bed to see bow far a readily calculable asset value will eliminate the discount.

To look to the future it seems likely that investment trusts will develop in two separate directions. Some companies will continue in their traditional role of providing a wide spread of investments. There will be an increasing demand from these companies for greater shareholder services such as dividend reinvestment plans and a more frequently available asset valne. Others will nse their secure base to underpin entrepreneurial activities and much larger positions will be taken in the portfolio. It is the desire to create the latter type of company that bas given rise to the recent spate of takeovers among the smaller trust companies.

Development of unit-linked business

By KEITH LEWIS

Unit-linked life assurance bas been growing in popularity by leaps and bounds over the past decade, with property bonds taking up the front running in recent times following the fall from grace of equity investment. No absolutely accurate figures are availahle to show just what slice unit-linked business takes of the whole life assurance cake, but it was estimated recently that at the close of 1970 the total number of contracts in force was over 500,000.

Approximately 15 per cent. of all new annual premium husiness in 1970 was unit-linked and 30 per cent. of all single premium business. Abbey Life Assurance, the largest property bond operator, estimates that £25m. worth of annual premium policies were linked to units in one way or another last year and £40m. worth of singla premium contracts. This current year should see these figures expand dramatically—due mainly to the staggering popularity of property bonds (which collectively are said to be attracting £7-£8m. eacb month). Projections for 1971 put the overall figure for single premium business at £120m—or trehle last year's return. It is thought that the number of annual premium policies will also be ahead of the previous 12 months, though not in the same proportion.

New types of unit linked policy are coming on to the market all the time. Perhaps the most useful to the public may turn out to be the funds linked to property, equities and fixed interest. Tbe proportions in each type of asset vary at any given time, according to the various investment conditions.

Established part

Property bonds are becoming more sophisticated all the time and have now become an established part of the investment scene. Nearly every scheme now has some form of cash facility hacking the fund in the event of a run of redemptions and the appointment of independent bodies to act as custodians and to give independent valuations of the portfolio are now standard features. Withdrawal schemes have been developed in most cases, which allow the bondholder to take a regular income without necessarily disturbing the capital sum. There bas also been a more recent tendency to offer some form of guarantee for long-term investors.

The unit linked principle is being applied more and more all the time. We are now seeing property-linked annuities—equities are deemed unsuitable becanse of the volatile nature of Ordinary shares. Pension plans linked to units are another rapidly expanding business, and there are also property bond and unit trust links with building society accounts. The permutations of the principle appear to be unending.

However, there is something of a shadow being cast over this particular branch of the life assurance industry at the moment by the formation of the Scott Committee. The actual terms of reference are as follows: To consider the workings of the Insurance Company Acts 1958-67 and the Prevention of Fraud (Investments) Act 1958, in so far as the latter is relevant, in the light of life assurance schemes involving the issue of equity linked policies, property bonds and similar scbemes, and to advise on the adequacy of the protection afforded hy these Acts to policyholders in these schemes.

Critical view

There is no doubt in most ohservers' minds that ona of the main reasons wby this committee was formed was the constant criticism of the property bond concept—not that it has been acting as any sort of deterrent on the public.

In any event, most of the evidence submitted to the Committee by the major groups bas been published, and the variety of views put forward has been surprisingly wide. The industry is, in fact, divided into the traditional camp—whicb bas been selling life assurance for a great many years without any trouble—and the newer groups which invariably sell unit linked business almost exclusively. Beyond this neat division there are numerous smaller camps, but by and large it is the older groups who feel they have proved over the years that they can conduct their business properly without outside interference, and the post 1967 Insurance Act offices who can at present only operate under the strictest surveillance and want this to apply to everyone.

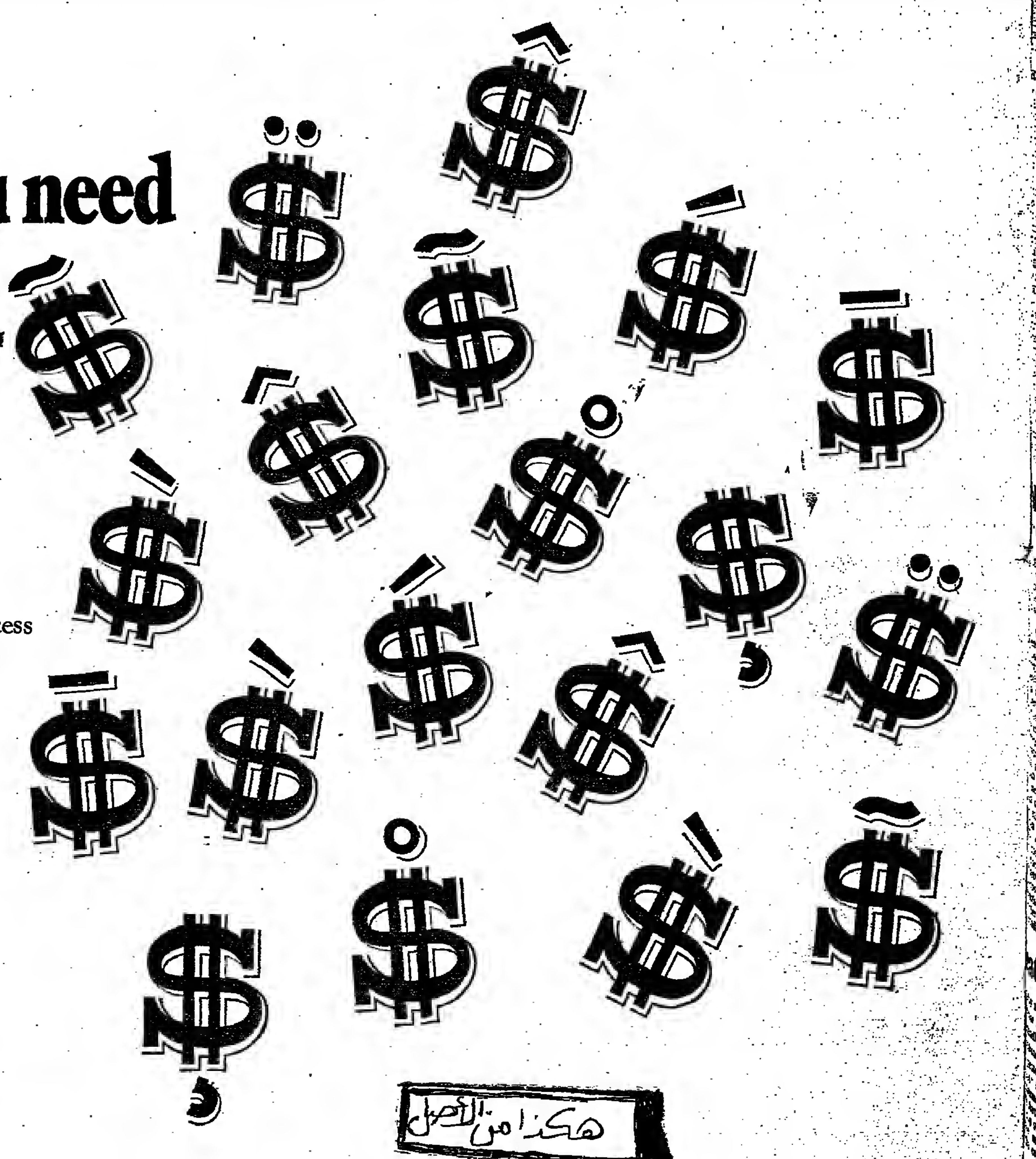
One of the chief areas of anxiety is that of sales methods. Aggressive sales forces, advertisements making boastful claims and containing misleading grapbs, and the methods througb whicb salesmen are remunerated have all come under fire. A weak point is that while the companies themselves may watch these factors closely the insuranee brokers often bave their own men in the field who may not be so strictly monitored. The committee's brief would not appear to cover this.

Central argument

The central argument of the Council of the Stock Exchange's memorandum was certainly on dangers of current selling methods and the Institute of Chartered Accountants went as far as to suggest that direct selling forces sbould be prohibited and that coupon advertisements sbould be restricted.

Opinions vary considerably as to the correct treatment of policyholders' funds. Uoder existing laws the life assurance company is not obliged to disclose how its assets are invested. As one major gronp pointed out recently, the assets under management could, in theory, be used legally to mount a takeover bid for a pnblic company.

Doubtless these problem areas, and the many others raised, will be tightened up in due course. Whether or oot the Committee will stick to its brief or go beyond—as opinion suggests—remains to be seen, but there is no doubt that the setting up of this inquiry is not before time.



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A £20m. market on the ski slopes

Arthur Sandles looks into the burgeoning winter sports holiday business

IT IS ONLY during the past five years or so that winter sports has been a "pop" holiday business. In days past, enthusiastic skiers would pile into special trains and drink and dance their way to the slopes of Austria and Switzerland, the carriages full of school-teachers and AWOL bank-clerks. Times have changed. This year the British wil lspend at least £10m. on winter sports accommodation and transportation and perhaps another £5m. will be spent on wining and dining in the resorts. A further £2m.-£3m. may well be spent o nequipment and clothing before the departure.

Ski-trains

The ski-trains could well be a feature of the past. Europe's railways this year presented their bills for charter trains to the tour operators at rates which made it generally more economic and certainly more convenient to use aircraft. The enthusiastic specialists who headed for Norway and the Tyrol and the well-heeled jet-set that once made for Mégève and the Swiss mountains have now been joined by typists and large numbers of school parties. The specialist houses of Inghams, Ski Plan and Erna Low now face competition from Clarksons, Global, Lunn Poly, Swans and Cooks among others.

Winter sports is not an obvious market for the big operators to move in on—margins tend to be slim and the work complicated. Austrian hotels—and Austria has cornered the winter market in much the same way as Spain has grabbed the summer package tour business—are not keen to enter into block booking deals with anyone. "I try to get 100 rooms in a resort," says one operator, "and I find that I can only have 10 rooms in one hotel, half a dozen in another and so on. I get my rooms, but they are all over the place. It makes administration very expensive."

For that reason the big tour operators have been cautious in their efforts to take the market away from the specialist houses. Clarksons is a relatively new entrant. Horizon is having its first attempt this year, and Cosmos says it will be going into the business "not before 1973, and then only when we find the right man to run it for us." These three are all in the top five. Thomson Skytours has yet to show any inclination to venture into the icy world of winter sports and Sunair (Cunard/Trafalgar) has only come into it through the purchase of Lunn Poly.

It is difficult to judge just how many people from the U.K. go skiing. Although some estimates put the figure as high as 350,000, this is difficult to justify. At the moment the market is probably around 250,000. According to a Swans (Diners Club) survey of customers last year, at least 16 per cent. of these are in no way interested in outdoor sport.

To this was added the fact that a high proportion of the remainder put the first attraction of winter snow holidays as the break and "getting away to fresh air." It is for that reason that the modern sports brochure places little emphasis on the skiing itself. Clarksons and Inghams and Ski Plan have maps of the ski-runs in the various resorts, but these are ungraded. Horizon has a table of easy, medium or expert runs but no maps, as does Swans.

The real emphasis of the modern winter sports holiday is on the après ski. Mr. Harry Steinke, formerly of Lunn Poly and now at Horizon, says: "After they have spent the day ski-ing there is still seven or eight hours before they go to bed. We have to cater for those hours."

This is where the expense and organisation really begins to mount. Swans offers "Ski'n Fun holidays." The Court Line subsidiary Murison Small, which is now trading under the name of Halcyon Skiing, offers cordon blue cooking in chalets by delectable "Muribirds." Lunn Poly offers nightly entertainment from bowling to fondue parties and floodlit toboggan races.

In fact the queues at some of the lifts in the more popular resorts, particularly at Christmas, week-ends, and at Easter, might take a little of the fun out of things. But the thought is there.

Impact

The big cloud hanging over the winter sports business at the moment is the very real impact of "winter sunshine" holidays. For a long time if someone wanted to take a winter holiday and could not afford a long-haul trip to the Caribbean or South Africa, the obvious destination was the Alps. During the past couple of years this has not been the case. Now the tour operators have pricing freedom for winter sunshine holidays (it does not extend to winter sports holidays) the traffic to Majorca and the Costa Brava between October and May has substantially increased. The typist today has a choice between the beach in Arenal and the slopes at Mayrhofen, with Arenal coming out slightly cheaper. It will be interesting to see how the battle goes during the next few years.

Mr. Llew Morgan, head of Clarksons' winter sports division.

However, even the most impressive growth of winter sports does not compare with the boom in winter sunshine holidays. Five years ago Swans carried its first 500 passengers to the slopes; since then the figures have gone: 1,000, 7,000, 15,000, and this year (hopefully) 22,000. Straight comparisons are difficult since all operators carry a different mix of traffic.

Swans, for example, aims at a much lower-priced market than Inghams, a Swiss-owned company with a name closely identified with specialisation in winter holidays. At the same time many operators, like Erna Low and Ski Plan, carry large numbers of school parties, which is low mark-up, high-turnover traffic in which the operator has an eye not only on immediate returns but also on future business when the kids start travelling independently.

Hardly anyone in the business would be prepared to give a turnover league table, but the top ten definitely includes Ski Plan, Inghams, Swans, Clarksons, Erna Low and Lunn Poly. It is a brave man who names the champion.

Even in this list there are probably only two or three who carry more than 20,000 winter sporting clients a year and thus have a ski-ing turnover of around £1m. The investment to reach this figure is considerable. Erna Low, Ski-Plan and Inghams all run to brochures as glossy as any summer offering, with a packed 80 pages than can hardly have cost less than 15p each to produce. The big-leaguers tend to aim for a narrower target, with a strong emphasis on Austrian resorts and smaller (but no less glossy) brochures—Clarksons 56 pages, Swans 36, Halcyon 58, Lunn Poly 48.

With these and other operators like Cooks, BEA (via Sovereign Holidays) and the GUS subsidiary Global battling hard to build up their own traffic, it is not surprising that business is increasing, albeit now at a steady and unspectacular pace. At the same time, interest in ancillary activities like the provision of clothing and equipment is building up. Last week saw the Austrians in the U.K. in force, pushing their sales of skis, boots and clothing in a series of in-store link-ups. The Austrians, thanks to the enormous home market, have largely buttoned up the international ski equipment business.

They have been only marginally less effective in clothing, where the competition has been stronger — only one British manufacturer, Harris-Meyer, has really bitten deep into Continental domination of the market. There are signs that the business may now be growing sufficiently to tempt others to come in. Already the major stores like Lillywhites, Simpsons, Moss Bros. and Harrods turn over large areas to winter sports wear and equipment, but even while doing so they have lost much of the new mass market to Pindiaports, a family-owned operation which long ago saw the market for medium-priced ski-wear and must to-day kit out half the British skiers on the Alpine slopes.

While the snow-gear business grows—fashion is a great boost—so does the snow training business. There are now at least 28 dry-ski slopes of consequence in Britain, by far the largest of which is the massive Hillend complex at Edinburgh which has a main run nearly 1,100 feet long and 60 feet wide. The spin-off from these slopes is, of course, additional custom for the operators.

Tradition

But as demand builds up, what of supply? There is little doubt that Austria will have to be careful if it is to retain its pre-eminent position. Many of the more popular Austrian resorts are now very crowded and some U.K. operators are growing irritated by the attitudea of Austrian hoteliers who know they are in a seller's market. Even the old tradition that only the British ski in January is being shaken slightly by an increasing inclination for the Germans to do the same. The big British operators are countering to some extent by indulging in year-round hotel reservations—"We'll sell your hotel in tha summer provided we can have rooms in the winter"—but the negotiations tend to be hard and long.

At the moment, inflation in Austria is forcing many hoteliers to make even bigger demands of the British operators, and it seems inevitable that the 1972-73 season will see appreciable price risas.

Expensive

Watching on the sidelines are the French and the Spanish. The French have never, up to now, been involved in the package tour ski market, and have long been regarded as expensive. Now, however, French resorts are popping up in the brochures. In the past couple of years there have been a number of speculative resorts constructed in France such as Flaine and Le Corbier, all of which are keen for U.K. package tourists.

The same can be said of the Spanish resorts, notably Formigal and the Sierra Nevada, where the mountain hoteliers are eager to repeat the success of their seaside resort colleagues in attracting the British in droves.

All in all the future seems quite bright for ski-ing, but the problems involved in transportation, accommodation, the arranging of evening entertainment and the provision of equipment for hire make it a complex and not always profitable operation for the organiser.

There are constant rumours, constantly denied, that the big operators will pull out and leave it to tha Inghams, Erna Lows and Ski-Plans of this world. For the moment it seems unlikely, but the pressure on prices and the fight for beds in Austria is likely to make the going difficult over the next couple of years. There are times when the most ardent winter sports operator must yearn for a little sunshine.

Labour News

Miners' ban may cut output up to 20%

BY ROY ROGERS, LABOUR STAFF

COAL production is likely to be cut by between 15 and 20 per cent. from to-day as Britain's 280,000 miners begin an overtime ban in support of their claim for pay increases of up to 47 per cent.

However, with coal stocks standing at more than 33m. tons it will take many weeks for the effects of the ban to be felt by either commercial or domestic coal users.

Reserve

Two weeks ago the National Coal Board's major customers held some 23.2m. tons of coal while the NCB held a further 10.4m. tons in reserve; weekly production is currently running at about 2.8m. tons.

Stocks were 26.8m. a year ago when more than 100,000 NUM members took unofficial strike action in support of a pay claim after failing to achieve the required two-thirds majority for an official stoppage. A ballot showed 55½ per cent. in favour of strike action.

The NUM executive feels it may have to take strike action this year, and is to ballot members later this month asking them whether they approve if the executive thinks it necessary. A similar poll to last year's would leave the way clear for official etrike action since the NUM's annual conference earlier this year reduced from two-thirds to 55 per cent. the required majority.

In the unlikely event of a national strike—regional stoppages are more likely—the steel industry would probably be the first hit. It is understood to have sufficient fuel to last about three weeks while the Central Electricity Generating Board, with more than 16m. tons, should be able to last out for nine weeks before any effects are felt.

Pay talks broke down several weeks ago after the NCB offered increases of £1.80 a week for surface workers and £1.75 a week for underground workers (averaging about 7.1 per cent.) in reply to claims of up to £9 a week.

In percentage terms the miners' offer is similar to those rejected by unions representing 1m. local government and hospital manual workers which have provoked charges of a "sinister conspiracy" by the Government to peg wages in the public sector.

Merit

Mr. Alan Fisher, general secretary, of the National Union of Public Employees, claimed in Birmingham over the week-end that the local government and hospital offers were unrelated to the merit of the claims.

The "sinister conspiracy" allegation came from Mr. Bernard Dix, NUPE's national research officer. Speaking at Swansea, he said that "In secret, behind tightly closed doors," the Government and public sector employers meet regularly to agree on tactics designed to peg down pay increases.

Jobless: "Cut overtime"

BY ALEX HENDRY, LABOUR REPORTER

BLACKPOOL, Oct. 31.

UNION LEADERS promised here to-day to consider a shop floor demand that they should operate an overtime work permit scheme in areas of high unemployment.

Mr. Bill Wright, a delegate to the Electrical and Plumbing Trades Union conference, said: "We cannot tolerate the situation whereby some men are thrown on to the dole queue whilst others of our members are permitted willy-nilly to work around the clock."

His demand for control of overtime working is in line with that being promoted by other trade union groups who have become increasingly anxious about high unemployment.

But he agreed to remit his motion when Mr. Jim McKernan, an EPTU executive member, said the union's leaders were already discussing the possibility of getting employers and other unions to agree to an overtime cutback.

The conference also set out two conditions—Government control of prices but no wage freeze or a Government-imposed ceiling on increases—that the union must seek in the coming discussions between Labour Party leaders and the TUC on the sort of prices and incomes agreement that can be reached before the Labour Party is returned to power.

The executive got approval from the conference for its guideline proposals on future productivity bargaining. These include a guarantee of job protection for the members covered by a productivity deal, that the savings are equitably divided and that the door is left open for further pay rises not paid for out of productivity savings. One of the main objects of future deals will be to get a reduction in the working week.

A Left-wing attempt at the beginning of yesterday's session to get started on the debate on EPTU policy towards the Industrial Relations Act was opposed by the executive and heavily defeated by ballot.

Heathrow jobs fears

CLAIMS by some shop stewards at Heathrow Airport that a new ground handling contract would cause redundancies were described yesterday as "totally unfounded" by Mr. Peter Masefield, chairman of the British Airports Authority.

The shop stewards are calling a protest meeting for to-day when the contract comes into force between Iberia Spanish Airlines and General Aviation Services, a Canadian ground-handling company. There will also be calls for a 24-hour strike.

However, recent efforts by Heathrow shop stewards to call strike action over the GAS issue have found little support from the rank and file.

More labour news on Page 9

DTI aerospace study to take a wider view

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE study now being carried out inside the Department of Trade and Industry into the future of the aerospace industry is of a wider nature than has hitherto been supposed.

One of its main aims is to look at the possibilities of U.K. aerospace companies either merging with each other or with companies on the Continent, to provide stronger units.

Existence of the study, which is being carried out under Sir Robert Marshall, Secretary (Industry), was first revealed some weeks ago.

It is basically aimed at the organisational aspects of the industry, and is not primarily engaged in determining what kind of projects the industry ought to undertake over the next decade—although it will not ignore these, since much of the industry's future shape is likely to be determined by the kind of aircraft it builds and vice versa.

It is known, however, that not only the Society of British Aerospace Companies but also individual companies and leaders of the industry have put in evidence and memoranda for the Departmental study.

Significant

Because the study is internal, it is not expected to be published in full after it is presented to Mr. John Davies, Secretary of State for Trade and Industry, around the end of this year. But it seems likely that, because of its significance, at least the salient points in it will be made known to the industry.

Fundamentally, it appears that what Sir Robert is being asked to do is look ahead over the next 10 years, and try to determine which direction the industry ought to take, and what structure it ought to have to enable it best to contribute to the economy.

Sir Robert will be asked to say whether he thinks a merger of the British Aircraft Corporation and Hawker Siddeley Aviation is either necessary or desirable, or whether it might be preferable to keep these two organisations separate, with a view eventually to linking them with Continental aerospace companies.

The latter, it is argued, would ensure the survival of competing aerospace companies in Britain, while at the same time ensuring that stronger links with the Continent were developed.

But is recognised that such major links with the Continent might be difficult to achieve, in the present state of both international law and the varying nature of ownership of Continental aerospace companies—some are nationalised, others not.

Guidelines

Accordingly, the development of major international aerospace companies is seen as a long-term matter. For the immediate future, the question to be answered is the more direct one of whether any kind of merger at home would solve any of the industry's problems, or worsen them.

Whatever the conclusions of Sir Robert Marshall's study, they will serve only as guidelinea for the Government in framing its future aerospace policy. Many other factors will have to be taken into account also—for example, the success or otherwise of the existing collaborative programmes, such as Concorde and the Multi-Role Combat Aircraft.

But what the study is primarily intended to do is to fill the large gap that has existed hitherto in Whitehall through the lack of any co-ordinated policy towards the aerospace industry, taking account not only of projects, but also the industry's structure.

Iran discusses dollar losses with oil group

BY OUR OWN CORRESPONDENT

TEHRAN, Oct. 31.

IRAN and the Western consortium of Iranian Oil Participants (IROP) began exploratory talks at the week-end on compensation for losses incurred by the August 15 *de facto* devaluation of the U.S. dollar. They are to meet again on November 8 for further discussions.

The six-man Consortium team, led by Mr. George Piercy, of Standard Oil of New Jersey, Texaco's Mr. Al de Vrane, Mr. Jack Simmons, of Atlantic Richfield and BP's Mr. John Sutcliffe, left Tehran late last night after three hours of talks with Mr. Jamshid Amouzegar, Finance Minister, and the two-man Iranian team.

Higher prices

A source close to the Western companies described yesterday's talks as "purely exploratory, free-ranging and relaxed discussions." He said no definite proposals had been made, and the confrontations, if any, would come only after the international monetary situation had been settled.

Iran's dollar losses since August are unofficially estimated here at $40m. (£16.06m.). This is the figure believed to have been discussed at the week-end meeting. The compensation is expected to be made through higher posted prices.

Iran is the first Gulf producer to open talks with the Western majors following the Beirut OPEC meeting in late September. Two senior observers, Mr. Jaidah, from Abu Dhabi, and Mr. Otaiba, from Qatar, were present yesterday to see how Iran fared. The Gulf producers are expected to follow Iran's lead, as was the casa in the Tehran oil talks earlier this year.

OPEC resolutions

Yesterday's talks centred around OPEC Resolutions 122 and 140. Resolution 122, approved last December in Caracas, refers simply to "changes in the parity of monies."

Resolution 140, passed by the 11 OPEC members in Beirut states that member countries "shall take necessary action and/or shall establish negotiations individually or in groups" with the oil companies with a view to "adopting" ways to offset "any adverse effect on the per barrel real income of member countries."

This latest round of talks comes just eight months after the OPEC victories in Tehran and Tripoli which substantially increased oil revenues.

Channel ferries halted again

BRITISH RAIL cross-Channel ferries were halted again yesterday after a walk-off by seamen involved in a manning dispute. French services were also stopped because of a strike by ships' officers.

Only hovercraft services, the Townsend Thoresen car ferries and Belgian ferry services on the Dover-Ostend route were functioning and passengers were being advised to contact the BR Continental inquiry office at Victoria Station, London, before going to a Channel port.

Trouble started when the Shepperton Ferry was taken out of service on Saturday. Twelve months ago, the National Union of Seamen and BR made a 12-month agreement by which the Shepperton Ferry's crew was reduced by five. The union now wants to renegotiate the agreement, but BR is said to have refused.

The union advised its 120 men operating the three-shift system on the Shepperton Ferry not to re-sign their articles when they expired. Immediately Shepperton was taken out of service, crews on other BR ferries walked off. About 450 seamen are employed by BR on the ferries.

There were no real problems at Dover yesterday despite the strike and the French ships are due to return to service to-day.

Worst hit service was the Dover-Dunkirk train ferry route where all six week-end sailings were cancelled.

ISSUE NEWS AND COMMENT

HTV seeking quotation

Henry Ansbacher and Co. in association with Julian S. Hodge and Co. is erranging an Introduction to the London and the Midlands end Western Stock Exchanges of the 4.088m. non-voting Ordinary 25p shares of HTV (formerly Harlech Television).

The company has been operating the independent television contract for the West of England and Wales since 1968. The programme contract with the Independent Television Authority runs until July 29, 1974: however the ITA has announced that it proposes to offer all existing programme contractors an extension until July 29, 1976, subject to continuing adequete performance by the individuel programme contractors, possible adjustments in contract arees end a possible rental change in 1974.

The company hes re-equipped its Bristol studios for colour productioo and is currently re-equipping its Cardiff studios so thet by mid-1972 almost all the programmes produced by the company will be in colour. Each week the company provides about 83 hours of programmes, of which some 5½ hours are productions of its Bristol studios and 8½ hours of its Cardiff studioa including 6 hours in the Welsh lenguage.

In the year to the end of July, 1971, pre-tex profits increased from £388,000 to £1.16m., helped by e reduction in the Exchequer Levy and increased levels of edvertising. Though the directors expect that edvertising revenue will be higher in the current year, they are not yet able to forecest the emount of this increase. The Board is therefore not prepared to forecast profits for 1971-72, which they expect to be lower than in the year ended July 31, 1971.

However, the directors intend to pay dividends totalling not less then 20 per cent. for the year

Brokers to the Introduction are Panmure Gordon and Co. in London, B. S. Stock Son and Co. in Bristol, and Lyddon and Co. in Cardiff. Dealings are expected to start next Friday, November 5.

Particulars Pages 30 and 31
See Lex

WORLD BANK LOAN

The Yen 12,000m. Japanese Yen Bonds of 1971—Second Series due October 20, 1981 of the International Bank for Reconstruction and Development have now been sold. The Bonds which were issued at 99½ per cent. each were underwritten by a group headed by the Nikko Securities Company. See page 6

GUINNESS MAHON INCENTIVES

As foreshadowed Guinness Mahon Holdings proposes to introduce an executive share purchase scheme in which executive directors and senior executives could participete. The number of shares concerned is limited to 500,000 and initially 23 executives will participate.

BROOKS THOMAS

Following the London quotation granted earlier this year, the directors of the Brooks Thomas Group (of Dublin) now propose the subdivision of the £1 Ordinary shares into shares of 20p each. It is also proposed to increase borrowing powers from £2,042,224 to £3,882,481. Extra-ordinary meeting, November 23.

Grand Met. loan offer

Lists open on Thursday, November 4, for the offer for sale by S. G. Warburg and Co. of £20m. 8½ per cent. unsecured Loan stock 1978-80 in Grand Metropolitan Hotels at £99 per cent.

The stock is payable as to £10 per cent. on application, £40 per cent. on January 14, 1972, and the balance on March 29. The first interest payment of £3.20 per cent. will be due on June 30, 1972, while a second payment of interest of £2.12 per cent. will be peyable on September 30, 1972, thereafter interest will be payable in equal half-yeerly instalments. Flat and final yields at the offer price are 8.59 per cent. and 8.67 per cent. respectively.

Application made by persons holding any share or loan capital, on October 11, will receive preferential consideration in respect of up to 50 per cent. of the issue.

Proceeds, estimated at £19.27m. will be used to reduce the bank overdraft.

Brokers are Panmure Gordon and Co.

Prospectus Pages 32 and 33
See Lex

Mitchell Construction

Samuel Montagu and Co. has completed arrangements for e placing of £1m. 9½ per cent. Debenture Stock 1989-96 in Mitchell Construction Holdings at £99 per cent.

The stock is payable as to £25 per cent. on application with the balance due on April 14, 1972. Interest is payable half yearly with a first payment of £2.29 per cent. due on May 31, 1972. Flat and final yields are 9.596 per cent. and 9.606 per cent. respectively. Asset cover is three times and interest cover is 11.7 times.

Proceeds, estimated at £963,000, will be applied in reducing bank borrowings.

Brokers are Vickers da Costa and Co.

● comment

As a small issue Mitchell Construction could meet with a little resistance. Gilts have been edging downwards of late while for the debenture market demand appears to have eased off and there is now more stock about. Some of the new issues have eased by more than a point; Fodens are now standing at 70½ (against a high of 71½) where the yield is about 9½ per cent. So for Mitchell, initial dealings much above par seem unlikely.

See this Page

COMPANY NEWS

Raybeck confident of future growth

ALTHOUGH the period of seven years since Raybeck was floated has seen "dramatic" increases in profits, chairman Mr. B. Raven feels certain that the opportunities for growth will be even greater.

"I can only see your company going forward from strength to strength," he tells members.

The group now has 229 retail outlets including the shops within shops operated by Berkertex, and it is the Board's intention to continue its policy of broadening the base of Raybeck's ectivities and diversifying within the clothing industry.

In the current year the retail companies will contribute very nearly 50 per cent. of the Group's profit, the chairman predicts.

The Bobby Cousins group of boutiques which caters for teenagers and young women, is trading successfully and is now ready for further expansion. The directors are actively considering a number of new sites.

At the moment the Board is reviewing the operationa of soma of the smaller manufacturing companies within the group with a view to ascertaining the extent to which they can be integrated with the larger manufacturing units.

The group has recently made a first step into mensweer retailing by the acquisition of Faith Bros fts shops, which include "Lord John," are all situated in and around London. "Tremendous" opportunities exist in this field and it is the Board's intention to build e substantial chain of men's-wear shops.

As reported on September 25, group profit, before tax, for the year ended April 30, 1971, advanced from £1.31m. to £1.44m., the total dividend is effectively raised from 32½ per cent. to 35 per cent., and a one-for-five scrip is proposed.

Meeting, Savoy Hotel, W.C., December 6, noon.

HIGHLIGHTS

An equity introduction for Harlech Television and Grand Metropolitan Hotels' offer for sale in £20m. Unsecured Loan are discussed by Lex (both prospectuses are published this morning. This week sees annual profits from J. Hepworth and a half-timer from Reed International (both to-day) while to-morrow we have prelims from Brooke Bond Liebig and Smiths Industries and an interim from De La Rue. But the market must wait until Thursday for the week's major result —namely the third-quarter profits from Royal Dutch/Shell.

DIVIDENDS ANNOUNCED

	Current payment %	Date of payment	Corre-sponding div. %	Total for year %	Total last year %
Explosives and Chemical Ord.	†3p	—	2.1875p	3p	2.1875p
Explosives and Chemical Dfd.	†1.2143p	—	0.1719p	1.2143p	0.719p
Rubislaw Investment	16½	Dec. 23	16	25	23½

*Equivalent after allowing for scrip issue. †Amount per share. (a) Tax free. (b) On capital increased by rights and/or acquisition issues.

Foreign and Colonial profit up

Net profit of Foreign and Colonial Investment Trust increased from £1,283,115 to £1,420,032 for the nine months to September 30, 1971, after tax of £98,400 (£124,935).

Net asset value per share was 154½p (127p) including full dollar premium and treating the loan stock as full converted.

Lake View Investment

Gross revenue of Lake View Investment Trust for the half year ended September 30, 1971 is little changed at £720,718 against £717,109, while net revenue is slightly ahead at £479,191 compared with £460,564.

For the previous yaar, gross revenue was £1,364,357, and net revenue £852,785.

At September 30, 1971, valuation of investments was £44,005,142 (£38,153,624 at March 31, 1971).

Net asset value per share was 166½p (137½p at September 30, 1970).

As known a second interim dividend of 1.25p has been declared, making 3.625p for the current year. The first interim was paid in lieu of a final dividend for the year ended March 31, 1971. The first interim for that year was 1.25p.

MARSTON RADIATOR

As part of its continuing policy of expansion, Marston Radiator Services, a subsidiary of Imperial Metal Industries, has acquired the radiator manufacture and repair business previously carried on by W. Watson and Co. (Liverpool). The operation will remain for the time being at Orrell Park Works, Orrell Lane, Bootle and will continue under manager Mr. E. Welsh with existing staff.

Marston Radiator Service now operates 42 rediator repair and reconditioning depots throughout the U.K.

Further expansion for Judge

CHAIRMAN of Judge International, Mr. L. Ressler, expects that the current year will see a further expansion and profits from the Housewares companies.

He sees the Houseware companies becoming *stronger* and achieving an evan greater share of the market in trading conditions which are *still* not too favourable.

As reported on October 23, group profit, before tax, for the year ended June 26, 1971 improved slightly from £209,722 to £219,597 with tha dividend held at 13 per cent.

Total sales of the Housewares companies rose 29 per cent. to £3.15m. and trading profit wes also up by 29 per cent. et £367,000. This trend is continuing, the chairman states, and invoiced sales of the 12 weeks to September 18 wera up by 21 per cent. over the corresponding period. The intake of orders is also up and there is a substential order book.

During the year Coral Plastics had a large increase in sales, but profits were not as large as expected. However, budgets for 1971-72 indicete an acceptable increase in profits with only a small increase in sales volume. Order intake and order book for the opening of the current year are aheed of last year.

Meeting, Birmingham, November 24 at 11 a.m.

ACW raises interim

ACW, makers of bottle closures, etc., is raising its interim dividend from the equivalent of 2½ per cent. to 3½ per cent. for the year to January 31, 1972. The 1970-71 total was equal to 8½ per cent.

For the six months to July 31, 1971, profit was £82,042, against £76,960; the balance available for distribution came to £47,181 (£40,931).

Benfield & Loxley expansion

Benfield and Loxley, building contractors, forecasts a profit of not less than £45,000 for the year to February 29, 1972, against £22,458, and a substantial expension in the not too distant future.

There is no interim dividend but a forecaat of 5 per cent. (3½ per cent. equivalent) for the year is reiterated.

The forecest profit excludes any contribution from recent ecquisitions.

First-half profit is £28,859. There is no tax charge in view of losses carried forward.

The directors report thet plans for the development of the 14-acre site at Banbury (acquired early in 1971) have been placed before the authorities.

In the meantime offers have been received for part of the aite and arrangements have been put in band to dispose of two parcels of land. The terms lead the Board to believe the venture will contribute a "most satisfactory" return.

Crest Homes sees profit rise

CONTINUED profit growth, the bulk falling on the second half, is expected in the current year by Mr. B. A. Skinner, chairman of Crest Homes.

And he points to the increasing build-up and spread of activities which the group is endeavouring to achieve in a controlled manner.

New working arrangements and techniques have been put into operation since the ecquisition of En-Tout-Cas in 1969, he adds, and thet company is expected to play an increasing role in the group's development.

As reported on September 27, pre-tax profit for the year ended July 31, increased to £805,731 (£525,429) with the dividend lifted to 40 per cent. (32½ per cent.). A one-for-one *scrip* issue is also proposed.

Meeting, Walton on Thames, November 25, noon.

FT Share Information Service

The following secnrities have been added to the Share Information Service appearing in the Financial Times.

Staffordshire Potteries 9½ per cent. Convertible Unsecured Loen Stock (Section: Industrials (Misc.)).

Telefusion "A" N/V (Section: Electrical and Radio).

Young Austen and Young (Section: Engineering and Metal).

MORGAN CROSSLEY

Gandy is offering four of its 6 per cent. Cumulative Preference stock units of 25p cech, and 17p cash, for every 8 per cent. £1 Cumuletive Preference in its subsidiary Morgan Crossley and Co. Gendy already owns all the Ordinary.

The cash element is included as Gandy has insufficient authorised but unissued Preference for a straight exchange to give the same income—and it is not thought worthwhile increasing the authorised capital for this purpose. First expiry dete of the offer is November 19.

Derritron recovery measures

IN THE ABSENCE of unforeseen circumstances Derritron should show a small profit in the current year to April 30, 1972, but the directors do not intend to recommend an Ordinary dividend.

However, they anticipate that an improvement in the group's fortunes, consequent upon changes in policy, will enable resumption of payment in respect of the following year.

This is stated by chairman Mr. G. S. Stone in the documents sent out in connection with the rights issue. Rowe Rudd end Co. announces that underwriting arrangementa in connection with the issue—three new 10p sheres for every two held, at par—have been completed. Dealings in the new shares (nil-peid) commence to-day.

As reported on October 23 tha company, electronic equipment manufacturers, incurred a group loss of £223,178 (profit £78,087) for the past yeer and there is no Ordinary dividend (10 per cent.).

The main reasons for tha loss were two contracts entered into with Centre Europeen Recherche Nucleair and the necessity to write off a substantial amount in respect of obsolete and obsolescent items.

A major reorganisation scheme has been instituted under which group activities are being concentreted into three main fields—vibration and environmental test equipment, which has formed the major part of turnover in tha past; eudio communications, which will be based on e reorganisation of the Reslosound company; and telecommunications, where the directora consider there is substantial growth potential.

The proceeds of the rights issue will facilitate the recovery of the business based on tha three reorganised fields. Although it will take some time before the audio-communicetions and telecommunications' interests are making e substantial contribution to profits, a significent level should have been reached by 1973-1974. The vibration and environmental test equipment sector meanwhile should provide the major proportion of profits, says Mr. Stone.

The net proceeds of the issue are estimated to amount to £145,000, of which £58,000 will be used in repayment of existing loans, £10,000 in part repayment of an existing loan and the balance to provide additional working capital.

The directors intend, in conjunction with family interests, to take up their entitlements totalling 179,775 shares. ICFC, which holds 19 per cent. of the Ordinary is taking up its entitlement of 270,000 shares.

Meeting, Winchester House, E.C., November 29, noon.

ANNFIELD

At the annual meeting of Annfield Holdings, shareholders gave approval to the change of name to Freshbake Foods (Holdings).

With management accounts now available for the first four months of the current year, chairman, Mr. J. V. Bugler, wes able to confirm the Board's view that the forecast pre-tex profit of £95,000 for the year to June 30, 1972 would be comfortably exceeded.

EASTERN PRODUCE

The offer by Eastern Produce (Holdings) for the shares of Cholo Holdings has now become unconditional. Acceptances have been received for 168,142 Cholo shares (approximately 80 per cent. of the shares for which the offer was made) and Eastern Produce now owna about 86 per cent. of Cholo's capital. The offer remains open.

RESULTS AND ACCOUNTS IN BRIEF

ATLAS ELECTRIC AND GENERAL TRUST—As known, interim dividend 1.5p (1.25p) to reduce the disparity. Franked income half-year to September 30, 1971, £905,204 (£897,369) unfranked £203,472 (£191,777). Underwriting commission £1,306 (£506) other interest £24,778 (£36,363) making £1,133,760 (£1,125,916). To management expenses £40,101 (£33,680), debenture interest £43,750 (same). Revenue before tax £1,049,819 (£1,048,466). Tax £57,846 (£68,048). Net revenue £991,973 (£980,438). Preference dividend £105,000 (same). Interim Ordinary £540,000 (£450,000). Valuation investments £64,173,087 (£54,816,057 at March 31, 1971). Net current assets allowing for interim (final Ordinary £1,059,438 (£633,124). Net asset value per Ordinary, after deduction of prior charges at par 164p (134½p). Investment dollar premium of 26½ (30) per cent. included in full, amounting to £2,063,750 (£1,667,201). If investments had been sold on September 30, 1971, at above valuation there would have been a loss of 25 per cent. of the dollar premium or 1.4p (1.2p) per share, and a liability for tax on capital gains estimated at £7,339,020 (£4,196,609) or 20.1p (11.7p) per share.

BREWERY AND COMMERCIAL INVESTMENT TRUST—Final dividend on Deferred Ordinary 18½ per cent. making 27 per cent. (26½ per cent.). Net profit after tax £71,805 (£65,439).

CONSOLIDATED GOLD FIELDS—Results year to June 30, 1971, already known. Group fixed assets £83.09m. (£82.17m.). Investment £71.89m. (£64.32m.) —market value exceeds book value by £99.82m. (£92.46m.). Net current assets £25.12m. (£37.9m.). Meeting, 20, Aldermanbury, E.C., November 23 at 11 a.m.

DEBENTURE SECURITIES INVESTMENT TRUST—Interim 7 per cent. (same —total 20½ per cent.). Gross revenue half-year to September 30, 1971, £68,797 (£64,264). Investment valuation £3,216,546 (£2,393,785).

EXPLOSIVES AND CHEMICAL PRODUCTS—Ordinary dividend year to June 30, 1971 is 3p (2.1875p) per 50p Ordinary share and 1.2143p (0.719p) per 10p Deferred share. Group turnover £4,475,604 (£3,570,424). Profit £436,750 (£229,907), less tax £168,524 (£110,173). Dividends £40,867 (£28,784). Ultimate holding company is S.A. d'Explosifs et de Produits Chimiques. Through recently formed subsidiary, Oakley Farm Products, company is diversifying into food industry. Meeting, 31-33, Wilson Street, E.C., November 22, at 11 a.m.

FUNDINVEST—Distribution on income shares, year to September 30, 1971, is 7.122 per cent. (7.640 per cent. and forecast of slightly over 7 per cent. made in May). Gross distributable revenue £295,365 (£299,778). Value of assets attributable to capital holders £5,772,821 (£4,506,552) or 363½p (283½p) per share.

GOLD FIELDS MINING AND INDUSTRIAL (subsidiary of Consolidated Gold Fields)—Results year to June 30, 1971 already known. Group fixed assets £39.30m. (£33.79m.). Investments £44.81m. (£39.29m.)—market value exceeds book value by £14.36m. (£15.54m.). Net current assets £5.79m. (£13.95m.). Meeting, November 19.

GOPENG CONSOLIDATED—Estimated profit, before tax, year to September 30, 1971, is £1,382,000 (£1,477,432). Dividends 35 per cent. (same) to date already announced.

LOLOMA MINING CORPORATION—Dividend No. 111 of 1½ cents (Australian) per share payable on December 17, 1971.

LONDON AND ABERDEEN INVESTMENT TRUST—Gross revenue from investments half-year to September 30, 1971, is £158,090 (£168,654 and £460,000 for full year 1970-71). Directors say results do not indicate full year outcome. Gross oil and gas revenue of Texas subsidiaries £237,454 (£211,868 and £470,698). Valuation of investments at September 30, £22,145,075 (£18,118,154 at March 31, 1971). Texas oil properties at book value £399,015 (£370,957). Net current liabilities £27,043 (£752,352 assets). Total, excluding dollar premium, £22,519,047 (£10,311,463), 100 per cent. of dollar premium £730,000 (£333,000). Net asset value per Preferred and Deferred Ordinary share 128½p (110p at September 30, 1970), 100 per cent. of dollar premium 4½p (3½). Appreciation of Texas Oil properties 6½p (5½) revalued on January 1, 1971. Total 140½p (119). Trust holds some 35 per cent. of Ordinary shares of the Stockholders Investment Trust valued at £14,225,298 (£12,073,840 at September 30, 1970).

LONDON AND HOLYROOD TRUST—As known, interim dividend 6 per cent. (same—total 21 per cent.) for year to March 31, 1972. Income, six months ended September 30, 1971, £430,925 (£431,627 and £828,742, year ended March 31, 1971). Expenses £15,573 (£18,031 and £31,087). Interest £59,582 (£72,823 and £140,127). Taxation £21,981 (£15,163 and £25,661). Revenue available for distribution £333,838 (£327,611 and £629,865). Preference dividend £25,500 (same and £51,000). Interim dividend Ordinary shares £217,600 (same and £571,200). Net assets applicable to Ordinary shares £22,023,521 (£18,472,592 and £18,627,601). Earnings per share £1.11 (£1.69 and £1.71). Included in net assets applicable to Ordinary shares is £1,355,044 (£1,417,595). Investment Dollar Premium at 26½ per cent. (31½ per cent.) value of certain overseas investments. Sale of any investments would result in loss of one quarter of premium applicable to that sale. In arriving at net asset figure, prior charges have been deducted at par.

THE LONDON AND PROVINCIAL TRUST—As known interim dividend 7½ per cent. (5 per cent. and total 18½ per cent.) for year to March 31, 1971. Income six months ended September 30, 1971, £329,753 (£554,135 and £1,020,104 for year ended March 31, 1971). Expenses £20,001 (£22,337 and £41,477) debenture interest £20,500 (£31,750 and £56,966), tax £47,534 (£61,825 and £97,579) available for distribution £440,516 (£433,223 and £824,081). Preference dividend £22,185 (same and £44,375). Ordinary £291,900 (£194,600 and £758,940). Net Assets applicable to Ordinary shares were £30,271,055 (£25,423,228 and £25,817,878). Equal to an amount per share of £1.85 (£1.63 and £1.64). Included in the net assets applicable to the Ordinary Shares is the sum of £2,002,133 (£2,177,368) being the Investment Dollar Premium at 26½ per cent. (31½ per cent.) of the value of certain overseas investments. The sale of any of these investments would result to the loss of one quarter of the premium applicable to that sale. In arriving at the net asset figure, the prior charges have been deducted at repayment values.

LONDON GENERAL INVESTMENT TRUST—Interim dividend 8½ per cent. (8 per cent., total 23½ per cent.). Gross revenue half-year to September 30, 1971, £174,026 (£151,355). Revenue for year expected to exceed that of last year but increase in second half will be less than that in first half. Investment valuation £8,233,869 (£5,923,465).

LOWLAND INVESTMENT COMPANY —Final dividend 1.125p per 25p share making 1.5p (same), year to September 30, 1971. Introduction of a modest amount of loan capital, coupled with a change in policy with less reliance on high yielding investments, resulted in a planned reduction of income to a level which enables dividend to be maintained but not increased for the first time in seven years, directors state. Gross income £130,323 (£147,303). Interest charges £10,071 (£2,152). Expenses of management £8,862 (£6,542). Net tax £45,668 (£58,264). Earned for Ordinary 1.83p (1.94p). Ordinary final £76,139 (same). Value of investments £3,964,920 (£2,610,210). Assets per share (1971 assumes full conversion of the convertible unsecured Loan stock 1984-86) 50½p (39p). Contingent 25 per cent. dollar surrender per share 0.24p (0.09p). Dollar premium rate 26½ per cent. (31½ per cent.). Certificate of net sale of 4p per share will be dispatched to holders with final dividend

PENARTH DOCK ENGINEERING—Interim dividend 5 per cent. for 1971 (single 7½ per cent. for 1970). Group profit before tax for half year ended June 30, 1971, £45,000 (£17,900).

PENGKALEN—Estimated profit, before tax, year to September 30, 1971, is £327,000 (£303,618). Dividends 62½ per cent. to date (same) already announced.

PHILLIPS PATENTS—For six months ended August 31, 1971, group profit £14,117 (£3,183 loss) comprising moulded rubber division £6,731 (£17,412), latex £16,382 (£3,643), babywear £22,281 (£9,899 loss). Central administration expenses charged: interest £19,455 (£10,511), other charges (nett £5,813 (£3,829). Directors have written off nearly all non-recurring expenses involved in closing Hackney babywear factory and transferring production in Clacton. They confirm their original forecast of at least £100,000 profit from division before charging central administration expenses. Acquision of Baby Deer Company has been vindicated by first half profit of £30,000 and Board is confident that second half will be even better. The whole Babywear division has been brought under management in Stranraer and few rationalisation expenses now remain to be met. Latex division is also fulfilling expectations. Sales have not yet reached forecast 20 per cent. increase over last year but turnover target should be met with consequent increase in second half profit. In moulded rubber division second half shall have benefit of several new products launched in recent weeks as well as seasonal improvement in business with shoe manufacturers. General easing in interest rates will help in second half as will extra rental income from leasing that portion of the Hackney factory formerly used for babywear manufacture. Earlier negotiations for sale of Hackney freehold broke down but directors now look forward to gross rental income of more than £12,000 per annum until satisfactory price for building can be obtained. Central administration expenses for year should be held below £50,000 and anticipated divisional earnings should therefore leave group with more than £50,000 pre-tax profit. It is proposed to separate purely holding company functions under name of Phillips Patents (Holdings), leaving Phillips Patents to administer affairs of moulded rubber and latex divisions and Baby Deer to look after babywear interests. Although it will involve re-naming quoted company at an appropriate stage, directors are confident that resulting structure will more effectively mobilise energies of management. Object now is to maintain momentum of growth and some possibilities are under consideration at present. Group sales this autumn are running at most encouraging level.

RUBISLAW INVESTMENT TRUST—Final dividend in respect of year to September 30, 1971, is 16½ per cent. (16 per cent.), making 25 per cent. (23½ per cent.). Break-up value of each Ordinary 25p share (including 100 per cent. of the Dollar Premium and after deducting prior capital at par) as at September 30, 1971, 153p (at March 31, 1971—127p). Meeting, Aberdeen, December 23.

SCOTTISH ONTARIO INVESTMENT COMPANY—Interim dividend 3 per cent. (3 per cent. and total 11 per cent.) for year ending March 31, 1972. Gross revenue half-year ended September 30, 1971, £307,201 (£304,236) and valuation of investments and deposits amounted to £19,607,300 (£16,128,837 at March 31, 1971) including the full London Dollar Premium of £1,502,123 (£1,159,056) resulting in a net asset value of 125½p (107p) for 25p Ordinary.

SCOTTISH TEA AND RUBBER TRUST COMPANY—Gross revenue, half-year ended September 30, 1971, £26,781 (£19,082). Net revenue £14,329 (£10,093), after tax of £9,120 (£6,892). As known, interim of 4 per cent. (5 per cent.) on capital increased by rights issue.

SCOTTISH UNITED INVESTORS—Gross revenue for nine months ended September 30, 1971, £1,473,433 (£1,497,134). Net revenue (after management expenses, debenture and loan interest and tax) £921,018 (£938,784). Net asset value of the 25p Ordinary shares after prior charges at par £48,419,682 (£38,973,375) giving net asset value per share of 98p (82p). Where applicable, the full dollar premium of 26½ per cent. on September 30, 1971, has been added to the value of the investments and uninvested foreign currency. The amount added is £4,064,619.

CHARLES SHARPE AND CO. (seed growers and merchants)—Results for year ended May 31, 1971, reported September 13. Group fixed assets £640,980 (£273,289). Current assets £1,663,588 (£1,445,303), and liabilities £733,124 (£622,660). Meeting, Sleaford, November 24, at noon.

UNITED INDUSTRIES AND DEVELOPMENTS—Dividend 8½ per cent. (same) for year ended August 31, 1970. Net profit £73,677 (£23,803) before tax £11,835 (£3,885). Retained £45,063 (£9,129).

ZALONI TEA ESTATES—Dividend 3 per cent. 7½ per cent. for 1970 already known. Net profit £6,261 (£17,258), after tax £200 (£5,372). Dividend £1,800 (£4,500), replacement reserve £4,077 (£15,157 various reserves), forward £4,364 (£4,180 including £1,800 from development rebate reserve). Meeting, 1-4, Great Tower Street, E.C., November 22, at 12.30 p.m.

MINING NEWS

Gold Fields takes a longer view

BY KENNETH MARSTON

LIKE other mining and industrial finance houses, the £328m. Consolidated Gold Fields group has lived through one thin year and is now in the throes of another. But it keeps faith in the future, particularly as far as gold is concerned. The group considers that the demand for the metal in fabrication will increase by about 4 per cent. annually over the next ten years.

Western world mine production, on the other hand, is expected to decline within the next five years and any new gold mining areas are unlikely to contribute significantly to supply before 1980. A future shortage of supply is thus foreseen end this is an unforeseen and this is an important consideretion for a group which drew from gold 21 per cent.—the largest source—of its revenne in the year to last June.

The losers

The annual report confirms that the decrease of £2.7m. to £34.5m. in 1970-71 revenue was largely attributable to lower profits at the Mount Lyell copper producer in Tasmania and continued losses sustained at the American Zinc subsidiary. For the current year the latter burden should be lifted as a result of the deal with American Smelting and Refining, but Gold Fields has had to write down its American Zinc investment by £5m.

Copper provided some 7 per cent. of Gold Fields revenua in the past year and unless there is a sharp recovery in the metal price Mount Lyell faces further difficult times in the current period. A similar proportion of revenue came from the indirect interest of 21 per cent. in Rustenburg Platinum Mines and the latter's more than halved final dividend will come into Gold Fields accounts for this year.

On the other hand, the stake in iron ore continues to do well and gold earnings mey provide more. Whether the group's expertise in sharedealing—profits from which equelled 18 per cent. of the past year's revenue—will again surmount the continuing adverse market conditions remains to be seen. The London meeting is to be held on November 23.

ROUND-UP

Australia's Katanning Holdings announces that it hes increased the number of Agnew area claims in which it has an interest to 160. Under a joint venture agreement 53 were pegged by Asarco, the U.S. group which has a controlling interest in MIM Holdings.

Another warning on labour costs comes this time from Mr. M. L. Baillieu, chairman of North Broken Hill. Expressing caution about the company's prospects for the current year, he added that the Vauxhall crush zone fault at Broken Hill could mean many years of extensive and costly development work.

Westralian Nickel has entered into a joint venture with American Metal Climax on claims near Norseman in a region known to contain economic nickel sulphide deposits. Triako Mines reports thet at its Lady Annie mine in the Mount Isa district of Queensland assays have been obtained of up to 6.38 per cent. lead, 11.93 per cent. zinc and 2.39 ounces silver per ton over a core length of 80 feet.

Tara's latest intersections

FURTHER evidence of tha exceptional thickness of the south western extension of Tara Exploration's Navan orebody in Ireland is provided by the latest drilling results. Among the best, No. 187 has intersected a lengthy 375 feet of ore assaying a combined 6.9 per cent. zinc and lead; No. 185 has cut 320 feet with a combined value of 9 per cent. and No. 181 hes cut 355 feet averaging 8.3 per cent.

Tara states thet the extension is being followed by six of the nine drills now working on the property. Drilling on a wider spaced pattern is being carried out in order to obtain an early indication of the extent and quality of the ore. In London on Friday, Tara were 10p down at 505p, showing a loss on the week of 105p

MINING BRIEFS

GRIQUALAND EXPLORATION—Quarter ended September 30: Total profit R396,893 (June qtr.: R390,817). Profit attributable to members of GEFCO R396,893 (R440,817). Capital expenditure R213,738 (R115,807), prospecting R25,097 (R32,462).

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Pending dividends timetable

For the convenience of readers, the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
Assoc. Biscuit	Nov. 11	Int. 7%
*Assoc. Newspapers	Nov. 18	Int. 7½%
Ault and Wiborg	Nov. 10	Int. 4%
*Aust. and NZ Banking	Nov. 30	Final 5%
*Averys	Nov. 2	Int. 7½%
Avon Rubber	Dec. 2	Final 18½%
*BPB Industs.	Nov. 30	Int. 6%
Beaverbrook Newspapers	Oct. 18	Final 9%
*Beecham Gp.	Nov. 11	Int. 11%
Berisford (S. and W.)	Dec. 4	Final 15% forecast
*Birmid Qualcast	Nov. 10	Final 10½%
*Boots	Nov. 11	Int. 7%
*Bowring (C. T.)	Nov. 11	Int. 12%
Bright (J.)	Nov. 12	Int. 5%
Brit. and Comm. Shipping	Nov. 12	Int. 6%
Brockhouse (J.)	Nov. 27	Final 5½%
*Brooke Bond Liebig	Nov. 2	Final 8½% §
Brown Shipley	Nov. 20	Int. 6%
Cavenham	Oct. 31	Int. 4%
Charter Cons.	Nov. 18	Int. 10%
*Chloride Elect.	Nov. 3	Int. 5½
Chubb	Nov. 12	Int. 4%
Coalite and Chemical	Dec. 4	Int. due
Coats Patons	Nov. 20	Int. 4½%
*Cohen (George) 600 Grp.	Dec. 2	Int. 5%
Cory (Wm.)	Nov. 28	Int. 3½%
*Courtaulds	Nov. 10	Int. 5½%
Daily Mail	Nov. 18	Int. 9¼
*De La Rue	Nov. 2	Int. 5%
European Ferries	Nov. 27	Final 23½% forecast
Fenner (J. H.)	Nov. 26	Final 9%
Firth Cleveland	Nov. 21	Int. 1¼%
Furness Withy	Oct. 29	Int. 5%
Gt. Portland Ests.	Dec. 4	Int. 3% ‡
Gt. Unevl. Strs	Nov. 27	Int. 20% §
Guinness Mahon	Nov. 24	Int. 4½%
*Rambros	Nov. 2	Int. 7½%
Hardy (Furns.)	Nov. 24	Int. 4.4% §
Hargreaves Group	Dec. 2	Int. 5%
*Head Wrightson	Nov. 4	Int. 3½%
Hepworth Ceramics	Nov. 24	Int. 3½%
House of Fraser	Nov. 13	Int. 12½% §
Johnson Matthey	Nov. 26	Int. 3½%
K Shoes	Dec. 4	Final due
Rials Kepong	Oct. 30	Int. 5%
*Land Secs.	Nov. 16	Int. 3%
Laporte Inds.	Nov. 26	Int. due
Lister and Co.	Nov. 17	Final 9%
*Lloyd (F. H.)	Nov. 18	Int. 5½%
*Lucas (J.)	Nov. 8	Final 6%
Lyons (J.)	Nov. 27	Int. 4 7-12th%
*Marchwiel Hldgs.	Nov. 25	Int. 2½%
Mercantile Credit	Dec. 3	Final 18½%
*Metal Box	Nov. 19	Int. 3½%
Met En and Prop.	Nov. 29	Final 14% forecast
Mitchell Cotts	Dec. 4	Final 5½%
Natl. and Coml. Bkg.	Nov. 19	Final due
Peachey Prop.	Dec. 4	Final 6%
Philips' Lamp	Dec. 5	Int. 6%
Powell Duffryn	Nov. 27	Int. 3%
*Press (Wm.)	Nov. 4	Int. due
*Readicut	Nov. 3	Int. 8%
Rediffusion	Nov. 26	Int. 5%
*Reed Intl.	Nov. 1	Int. 5%
Ronold Robertson Foods	Nov. 20 / Nov. 14	Int. 4½% / Int. 8%
Rugby Bldgs.	Nov. 13	Int. 2½%
Rothschild Inv. Tst.	Nov. 4	Int. 2½%
Scapa Group	Dec. 2	Int. 6%
Sedgwick Collins	Dec. 2	2nd int. 15%
Selection Tst	Nov. 27	Int. 25%
*Smith (W. H.)	Nov. 17	Int. 3½%
*Smiths Inds	Nov. 2	Final 7%
Swan Hunter	Nov. 16	Int. due
Tesco Stores	Dec. 3	Int. 14%
Trafalgar House	Nov. 13	Int. 7% §
Triumph Inv. Tst.	Dec. 1	Int. 12% §
Tunnel Cement	Nov. 27	Int. 5%
Turner and Newall	Nov. 27	Final due
Unilever	Nov. 5	Int. 17½%
Unilever NV	Nov. 5	Int. 13.55%
Ward and Goldstone	Nov. 27	Int. 8%
West (Allen)	Nov. 28	Int. 5%

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO DAY

Interims—Ever Ready Trust, Nova (Jersey) Knit, Pickering (Edgar), Reed International, Steel Bros. Holdings, Tobenoil.

Finals—Hemworth (J.), Tricoville.

FUTURE DATES

Interims—

BPA Industries	Nov. 30
Beecham Group	Nov. 11
Brickhouse Dudley	Nov. 11
Ceylon Tea Plantations	Nov. 2
Cray Electronics	Nov. 2
Jersey General Investment Trust	Nov. 10
Lennards	Nov. 18
London and Lennox Investmt. Tst.	Nov. 10
Massey (A. and S.)	Nov. 15
Spink and Son	Nov. 2
Triplex Holdings	Nov. 26
Walker (J. O.)	Nov. 11

Finals—

Anglo Scottish Investment Trust	Nov. 9
Ashbourne Investments	Nov. 3
International Securities	Nov. 5
London (H. W.)	Nov. 9
Muirhead	Nov. 11
Wade Potteries	Nov. 3

Local Authority Investments

LOCAL AUTHORITY loan rates were reduced in the mortgage field last week and also eased in the temporary field. Loans at seven days' notice declined, reflecting the easier conditions in the Discount market from the middle of the week. From 5¼-5¾ per cent. on the previous Friday, the rate fell to 5¼-5½ on Wednesday and 4¾-5¼ per cent. on Friday.

The Financial Times Government Securities Index rose to 79.27 on Monday, but fell to 78.92 on Wednesday, and closed on Friday at 78.61, for a loss on the week of 0.44 point.

The Greater London Council 7¾ per cent. stock 1981 recently issued fell, from 9⅛ at the end of the previous week, to 9¼ by Wednesday, but then recovered to close on Friday at 9⅛.

One-year local authority bonds were placed at par, with a coupon of 5¼ per cent. In addition 18-month 5¾ per cent. bonds were also placed at par, as were 6¼ per cent. 2-year bonds, while 3-year 6¾ per cent. bonds were placed at £99¾ per cent., and 5-year 7¼ per cent. bonds at £90⅞ per cent.

Public Works Loan Board rates were unchanged.

* Rate (%) October 29, 1971

2 days' notice (deposit receipt)	4¾—5
7 days' notice (deposit receipt)	4¾—5¼
7 days' notice after one month (deposit receipt)	5 —5¼
7 days' notice after three months (deposit receipt)	5 —5⅜
7 days' notice after six months (deposit receipt)	5¼ —5⅜
Mortgage at one month's mutual notice after 11 months	5¼ —5¾
Mortgage at one month's lender's notice after 11 months (nominal term 2-5 years)	5⅞—5⅞‡
2 years' mortgage	6¼ —6¾
3 years' mortgage	6¾ —7
4 years' mortgage	7¼ —7¼
5 years' mortgage	7¼ —7½
5-10 years' mortgage	7½ —7¾
11-30 years' mortgage	7¾ —8¼

* Rates are for sums not less than £20,000 and are subject to local variations and fluctuations. † Nominal. ‡ The shorter nominal period may carry a higher rate than the longer.

BIDS AND DEALS

Harrisons and Crosfield in Holland

Harrisons and Crosfield announces that discussions are proceeding favourably for a merger between its subsidiary, Durham Chemicals and N.V. Chemische Fabriek v/h Dr. A. Haagen, Roermund, Holland.

At present, Haagen forms part of the Billiton group of companies, which is prepared to transfer Haagen to Durham believing the Durham group can offer Haagen better chances for continued growth.

Durham will take over Haagen as a going concern and allow it to keep its own identity. The entire personnel will continue to be employed and existing agreements governing conditions of employment will be observed in their entirety. These various matters are now being discussed with Haagen's Trade Unions and Staff Council.

The consideration, payable in cash, would be of the order of £1m. The Bank of England has agreed the transaction in principle.

Durham considers the merger an "attractive opportunity" of extending its operations in the EEC. Haagen's production programme in metal soaps and lead salts fits in well with Durham.

For Haagen, close co-operation and the exchange of technical know-how with Durham offers possibilities of extending its range and increasing turnover.

Rentokil buys Treatim

The Rentokil Group has acquired the capital of the timber pre-treatment company Treatim for £190,000.

The National Coal Board held a 50 per cent. interest in Treatim which is mainly concerned with the vacuum pressure impregnation of timber with water-borne wood preservatives. This is a field in which Rentokil's wood preserving division has been active since its acquisition of Celcure in 1967.

The group will now be supplying Celcure or Treatim wood preservative salts to over 100 treatment plants in England and Wales.

Treatim is prominent in the treatment of mining timbers with water-borne fire retardants and wood preservatives. Flame proofing and water repellent preservatives will also be supplied and the division will continue to sell plant and equipment for vacuum pressure impregnation.

TRUSCON

The Truscon building group is to sell its 51 per cent. interest in Truscon Properties to Mr. Julian Markham, who already owns 36 per cent. of the company. In addition, three Truscon directors—Mr. E. A. Kirkby, Mr. J. Shannon and Mr. W. N. K. Mellon—will sell their holdings in TP totalling 13 per cent.

This is disclosed by Lord Jessel, acting chairman of Truscon, in a letter accompanying the offer document in respect of Ionian Bank's agreed offer for Truscon of 27p cash a share.

Lord Jessel says that although terms have yet to be negotiated for the sale of the TP interest, it is considered that whatever improvement there would be in Truscon's net asset value, after allowing for a loss in the half year to June, 1971, of £139,000, the Ionian offer fairly reflects the company's position.

The offer closes on November 19.

Wesleyan-Salvation Army Assurance

By mutual agreement, the Wesleyan and General Assurance Society (founded 1841) and The Salvation Army Assurance Society (founded 1867) have joined together.

The management confidently expects the merged organisations with assets of nearly £100m., will operate still more efficiently and that as a result there will be a substantial saving in expenses of administration with consequent improved benefits to policyholders.

Both societies will continue to have separate identities for a time. When, as is expected, the courts approve the merger of the funds, SAAS will lose its separate identity and the whole undertaking will be conducted under the name of the Wesleyan and General Assurance Society.

Mr. D. R. Woodgate is appointed chairman of SAAS, and Mr. W. T. L. Barnard, becomes the actuary. Other appointments are Mr. R. M. Woodgate, secretary, and Mr. E. Butler, investment manager.

NEEPSEND STAKE IN FRANCE

Arrangements have been concluded for Neepsend Steel and Tool Corporation to take a 12 per cent. equity stake in the French company, DOGA (Els. Desouches, Marion, Hounsfield & Cie, S.A.). Based in the outskirts of Paris, it is a well-established distributor of engineering products, and has for many years marketed a range of Neepsend products—under the brand names of "Speed," "Pearlite" and "Novo."

The Board of Neepsend intends to pursue a policy of direct investment in overseas markets, if and when favourable opportunities arise.

BRITISH DREDGING

The offer by British Dredging for H. R. Paul and Son has been declared unconditional. Acceptances have been received in respect of 598,800 shares (69.6 per cent.) and British Dredging now holds 82.8 per cent. Offer remains open until November 26.

As a result British Dredging has obtained control of Pauls Federated Merchants and consequently on offer to remaining holders of Pauls Federated has been declared unconditional. It remains open also until November 26.

Norcros buys W. B. Darley

Norcros, the industrial group, has acquired the capital of W. B. Darley for £429,735, in £171,361 cash and 149,702 Ordinary 25p shares. The shares do not rank for the interim dividend of 9 per cent. payable on November 27.

Darley trades as speciality label printers at Burton-on-Trent, Staffs. Its net tangible assets at February 28 were £210,490. Profit before tax for 1970-71 was £79,000.

The acquisition is a logical extension of the printing and packaging division of Norcros. The specialist printing product ranges are complementary and it is expected that their integration will result in increased overall profitability of the division.

Scotcros acquisition

Scotcros, the food and engineering group, through its operating company A. C. Penman, has acquired the trading activities and trade mark of Unit Body Developments from R.T.Z Pillar and B.P.B. Industries.

Consideration is approximately £60,000, based upon the value of U.B.D.'s work-in-progress, stock and plant. The company manufactures system-built modular vehicle bodies.

Penman, specialists in the manufacture of vehicle containers, will be usefully able to extend its range with the addition of U.B.D. products.

DUNDEE AND LONDON TRUST

The merger of Dundee and London Investment Trust and British Canadian Trust has become effective. Dealings in the new 5 per cent. Preference and Ordinary shares of Dundee and London are expected to begin to-day.

CENTRAL AND SHEERWOOD

Central and Sheerwood Trust has acquired a further 10 per cent. of the equities of its subsidiaries St. Johns Engraving and St. Johns Typesetting for £20,000. This will be satisfied by the issue of 130,634 Ordinary shares and brings the total holding in these companies up to 70 per cent.

McINTYRE BUYS KING

McIntyre and Sons is acquiring J. A. King Construction, manufacturers of prefabricated concrete products. Consideration is to be satisfied by issue of shares and will be equal to eight times average annual profits after tax for the 2 years ending August 31, 1973 or, if greater, to the net asset value of King at Aug. 31, 1971 subject to a maximum of £160,000.

GEC MOVE

General Electric Company is to merge its bushing and coated paper subsidiary, Micanite and Insulators, with the Bushing Company, a subsidiary of Reyrolle Parsons. The arrangement is that a new company will be set up, called the Bushing Company, in which both Reyrolle and GEC will have an interest.

At the same time, other products of the present Bushing Company will be hived-off to a new subsidiary, called Reyrolle Parsons Mouldings, while Micanite's other products will eventually be transferred to Reyrolle's main works at Trafford Park.

The new Bushing Company, when set up with the interests of both Reyrolle and GEC, will have a turnover in the region of £1.5m. to £2m.

LOTHIAN TRUST

Standard Guarantee Company announces that its unconditional offer for shares in Lothian Investment Trust has now closed.

Eastern Produce; Marston Radiator; Morgan Crossley, page 26

MINING NOTEBOOK

They who've seen it all before don't cry

BY LODESTAR IN JOHANNESBURG

TWO YEARS ago a visitor to Johannesburg found brokers, still living on the fat from the stock market boom that bust in May, 1969, eagerly discussing when the bear market would turn. The mining industry, apart from the gold segment, was riding high on a rising metal price wave. What a different picture there is now.

Brokers have almost given up discussing when the next bull market will start. Hardly surprising in a week which has seen the Rand Daily Mail industrial index plunge to an eight-year low. Even Gold shares, which had at least provided a spot of brightness in the interim by staging a 15-month bull movement which toppled over last March, have joined in the general misery.

Tightening belts

Brokers are cutting their staffs and tightening their belts. Institutions are nervously conserving their funds for the big wave of money raising that could hardly have come at a worse time. Big inroads into mining house income are being made by the setback in the demand for, and prices of, all the major metals. Everybody, in fact, seems to be crying on everybody else's shoulders.

Well, not quite everybody because in the higher echelons of the mining industry there is a generation of men who have the wisdom of experience. Who have, in fact, seen it all before and who know that they must keep their eyes firmly fixed on the next upward phase in the metal market cycle and who know that new mine planning must be a continuing process and that exploration must be a ceaseless activity in good times and bad.

Golds views

Mr. Harry Oppenheimer still has a quiet gleam of confidence in his eye about 1971 diamond prospects. Mention of a total Central Selling Organisation sales figure of around £260m., which would compare with £221m. last year and with the record £289m. in 1969, does not produce any raised eyebrows at Anglo American headquarters.

Leaders of the gold-mining industry also do not seem to be unduly depressed. There is a feeling here that the open market bullion price is putting up a remarkable impressive performance amid all the continuing currency uncertainties. Especially as there is a firm conviction that this market continues to absorb most, if not all, South Africa's newly mined production.

This, in turn, leads to an expectation that premium sales revenue will keep up in the current quarter and possibly for many quarters to come although the size of the package is never known until the Treasury unlocks its doors every three months.

It is, of course, realised that the shares of the gold-mining companies have over recent months lost much of their former attraction as a currency depreciation hedge, an attraction that during past years has often meant their being lifted to altitudes that were impossible to justify on their intrinsic merits as dividend-producing investments.

On the question of whether they have now fallen to levels that can be justified on this basis there is some division of opinion among mining house analysts. Much depends on what rate of cost escalation is taken. There is, however, an overall feeling that the shares of the good long-life mines may be at or near favourable buying levels, especially in contrast with the still uncertain outlook for the producers of other metals.

Impala's policy

The platinum people are quite frank about the prospect that they face some two years of stringency. Union Corporation's Impala mine is the most fortunately placed. The recession has at least come at a time for this young producer when it is only having to perform the relatively simple task of temporarily abandoning an expansion programme without having to resort to the drastic surgery undergone by Rustenburg.

It is also paring costs by concentrating its underground operations while the mine does not have to worry about development which is far ahead of foreseeable production needs. To the question whether all the present output of around 200,000 ounces per annum is being sold, the answer comes that a little of it is being put in the bank against the day when the demand for platinum will surge forward once again.

In passing, it is worth recording a remark made by Union Corporation's deputy chairman Mr. Colin Anderson when discussing the group's gold-mining interests. This is that St. Helena, the first Orange Free State mine to start up, could well be the last there to close down.

This may, of course, be disputed by Anglo American which could put a candidate in the field, namely President Steyn. There was no measure of disagreement at Union Corporation over this column's well-known leaning towards Winkelhaak as one of the top gold-mining investments.

Prieska progress

Finally, shareholders in the sadly decimated Middle Wits may like to note that there is no depression in this particular camp about the prospects for the Anglo-Transvaal group's Prieska copper-zinc operation, the financing of which now appears to have been buttoned up. All the latest ramp-mining techniques are being adopted to extract the ore at the lowest possible cost.

The inclined roadways, used in this particular form of mining, in conjunction with the conventional shaft obviously lead to considerable savings in that machines can be moved from place to place with comparative ease. This in itself makes for their more efficient use as well as cutting down the amount of equipment required.

Production target is the first quarter of 1973. This could be nice, if fortuitous, timing in the context of the next upward swing in the metal price cycle. Concentrates will be shipped out by rail to a port on the coast of South-West Africa. The mine life can be put at least at 20 years.

INSURANCE

Improvement in fire losses

BY OUR INSURANCE CORRESPONDENT

THE British Insurance Association has just published its estimates of fire losses for September and totalled its estimates both for the first three quarters of the year and for the 12 months period just ended. As months go, September's £9.5m. loss was not so bad, being 30 per cent. less than the estimates for May and July which have been the worst months in the last 12.

The estimated total for the past nine months is £93.5m., which is £5m. up on the total for the same period in 1970; but having regard to the pace of inflation, in terms of real values the position is no worse than at the same time last year.

Moreover, if one looks at the moving annual totals there is at this stage of the year an improvement in terms of real values, for in the 12 months to the end of September, 1971, the BIA's estimate is £115.9m., precisely the same figure as for the 12 months to the end of September, 1970.

Cause for optimism

It is perhaps too much to hope that at the year-end, 1971's total will be so precisely in step with 1970's, at £111m., but unless this year's total runs out in excess of £120m. both insurers and the community at large should have cause for optimism that the regular increase in fire wastage witnessed throughout the mid to late 60s has at last been halted.

Particularly must this be so when one recalls that 1969's total was £120m. The impression is growing that the downturn of fire wastage that was recorded during 1970 was not just a flash in the pan, whether that downturn be expressed in current £'s or in £'s adjusted for inflation.

Last week, also, the Fire Protection Association published its quarterly journal, Fire Prevention, and included among its articles an analysis of fire loss leaders in 1970 and their fire record in recent years. The eight groups of industries which suffered the heaviest losses through large fires are shown to be:

	£m.
Paper / printing / publishing	9.123
Engineering	7.691
Chemical and allied industries	6.237
Distributive trades (retail)	5.856
Transport and communications	5.180
Distributive trades (wholesale)	3.934
Textiles	3.440
Other manufacturing industries (including plastics)	2.978

The FPA add that four of the above groups—Engineering, Textiles, Distributive Trades (Retail) and Chemical and Allied Industries have in recent years appeared regularly at the top of the table.

In view of the controversy that has raged over the insurance of plastics manufacturers in the last few years it is a pity that the FPA have not found it possible to segregate plastics from other manufacturing industries. However, the 1970 total of just under £3m. in this sector is less than half what it was in each of the preceding two years, which suggests perhaps that insurers have persuaded plastics manufacturers to improve their methods of fire prevention under sanction of restricting or refusing insurance.

In FPA terminology a large fire is one causing damage of £10,000 or more and it comes, therefore, as something of a surprise that there were only 1,115 large fires in 1970. Nevertheless, their total direct cost was £69.9m. and the average cost of each one £62,700.

However, for fire insurers there is nothing unexpected in the FPA survey, or for that matter in their own unpublished statistics.

Rating changes

Insurers have now virtually worked through the substantial rating changes that were set in train some three years ago. Broadly speaking, the only extra premium that insurers can expect next year will stem from increases in insured values on buildings and contents. Having cleared their decks on the rating side and while apparently enjoying some stability in the level of losses, insurers are increasingly turning their attention to risk improvement to ensure that present stability continues.

On this aspect some insurers are more militant than others, but as so many fire risks are scheduled, so that several insurers directly participate in each, those insurers intent on risk improvement can make their views felt throughout the market.

So even if they do not have to pay much more out by way of premium, commercial and industrial firms most probably will have to spend substantial sums on fire prevention equipment in 1972 if they are to continue to enjoy cover at their existing terms.

Danger of reversal in Gulf tanker rates

BY JAMES McDONALD, SHIPPING CORRESPONDENT

AS EXPECTED last week, the firmer rates for Gulf "spot" tankers led to more Japanese relet tonnage appearing in the market. "The threat, however, remains that if rates continue to harden, further relets could bring about a reversal," says Lambert Brothers (Shipping) in its weekly report.

From the Gulf to the U.K. or Continent rates at the end of last week were more hopeful at Worldscale 70, according to Lambert Brothers, and rates from Nigeria to U.K. or Continent stood at Worldscale 75, and from Caribbeans to U.K.-Continent at W.70.

"Currently there are around 45 ships laid-up but these consist mainly of smaller units, one report indicating their total capacity as around 1m. tons," said Lambert Brothers.

"Latest Japanese estimates indicate that there will be fewer relets than was originally suggested available from that source up to the end of the year, the reasons given being re-absorption by oil companies."

John I. Jacobs and Co., in its weekly tanker report, says that during the past few weeks a generally firmer market tendency has been evident.

"Out of a total of 234 combined carriers of 18,097,099 tons deadweight trading as at September 30, 174 of 13,793,944 tons were trading in oil. This is 76 per cent. of the total and reflects an increase over the steady 72 per cent. noted at the end of July and August."

Commenting on period charter business John I. Jacobs notes that while inquiry remains plentiful "it is still significant that the majority of vessels securing period cover with early commencement are either Japanese-owned or controlled."

TANKER FREIGHT RATE ASSESSMENT

The London Tanker Brokers' Panel has made a further monthly average freight rate assessment. It has announced that the weighted average world tanker freights, assessed over the period September 16 to October 15, 1971—and related to Worldscale sterling rates, were:

General purpose—Worldscale 116.3; Medium-range tankers—Worldscale 107.8; Large-range tankers (Scale one)—Worldscale 91.4; and Large-range tankers (Scale two)—Worldscale 80.8

SHIPYARD CHIEFS IN SALES TOUR

Mr. Michael Scott, chairman of the lower Clyde shipbuilding group Scott Lithgow, yesterday left London with Mr. A. Ross Belch, managing director, for sales talks in India and Australia.

The group recently won contracts to build three 75,000-ton bulk carriers worth a total of £18m. from Indian shipping companies. It has also received an order to build two Oberon-class submarines worth £11m. from the Australian Government.

London tea sales

At the tea sales held in London last week 57,821 packages sold realised an average price of 42.59p per kilo against 42.30p at the previous sale and 46.59p a year ago. Plain tea was quoted at 38.00p.

	No. of packages	Average per kilo
African Highland Prod.	[illegible]	[illegible]
Amalgamated Tea	[illegible]	[illegible]
Assam Co.	[illegible]	[illegible]
Assam Dooars	[illegible]	[illegible]
Assam Frontier	[illegible]	[illegible]
Attaree Khat	[illegible]	[illegible]
Bogawantalawa	[illegible]	[illegible]
Borelli	[illegible]	[illegible]
Ceylon Tea Plants.	[illegible]	[illegible]
Chulsa	[illegible]	[illegible]
Cons. Estates	[illegible]	[illegible]
Cons. Tea Lands	[illegible]	[illegible]
Dekhari	[illegible]	[illegible]
Demoders	[illegible]	[illegible]
Eastern Assam	[illegible]	[illegible]
Empire of India	[illegible]	[illegible]
Imperial	[illegible]	[illegible]
Jhanzie	[illegible]	[illegible]
Jokai	[illegible]	[illegible]
Jorehaut	[illegible]	[illegible]
Kenya	[illegible]	[illegible]
Lanka	[illegible]	[illegible]
Luleri	[illegible]	[illegible]
Lunuva	[illegible]	[illegible]
Moran	[illegible]	[illegible]
Namunakuli	[illegible]	[illegible]
Nuwara Eliya	[illegible]	[illegible]
Ouvah	[illegible]	[illegible]
Pabbojan	[illegible]	[illegible]
Standard	[illegible]	[illegible]
Tingri	[illegible]	[illegible]
Upper Assam	[illegible]	[illegible]

Stock at October 22 amounted to 71,639 metric tons compared with 69,987 metric tons a year ago. Converted at 48,955 kilos per package.

ELASTIC WEB MAKER CLOSES

One of the few remaining elastic web manufacturers in the East Midlands, W. Preston and Sons, of Leicester—founded more than 120 years ago—has closed down because it could not meet the big investment required to keep going. About 30 works are involved.

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price	+ or −
£100	£25	14/1	33¾	31½	Guinness (A.) 10% Uns. 1995-98	32	−¼
£100	F.P.	5/12	111½	104	Beecham Beldow 10% Prf ly Conv. Uns. Ln. 1977	111½	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price	+ or −
[illegible]	nil	[illegible]	[illegible]	[illegible]	Adeption	[illegible]	[illegible]
[illegible]	nil	[illegible]	[illegible]	[illegible]	Anglo-Welsh Ord.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

Boom for dollar sector

BY WILLIAM LOW

IT IS NOW widely accepted among international bankers that the Eurodollar bond market operates on a cyclical basis. The sequence is roughly as follows: the first few months of the new year are a period of a large volume of new issues, followed by a bout of market indigestion which normally lasts throughout the summer months. Then, just as the Jeremiahs are predicting the complete collapse of the market, the new issue flow resumes.

Certainly, the events of the past fortnight support this theory. With the announcement of a $15m. straight-debt loan by General Telephone and Electronics Corp., $247m. of new issues have now been announced. This week could see the $300m. mark reached.

For many people, the sign that the current boom is a genuine one was the news that Esso plans to raise $100m. by way of a two-tranche offering. Already, the response to the Esso debenture and notes issues is enormous, leading some operators to believe that the indicated coupon rates of 8¼ and 7¾ per cent. will be reduced. Such cuts are unlikely to adversely affect the success of the loans.

Additional pressure on the Esso manager, Morgan and Cie International, is provided by the decision of the General Telephone and Electronics managers (led by Hill Samuel) to indicate a coupon of 8¼ per cent. GTE is rated a triple B borrower in the U.S., while Esso's parent, Standard Oil Co. (New Jersey) enjoys a triple A rating. If credit ratings mean anything when applied to Eurobond issues by U.S. companies, the interest rate differential between Esso and GTE should be wider than one-quarter of one per cent.

Proof of the very strong demand for dollar-denominated loans is provided by the fact that the City of Helsinki $15m. issue was priced at 99½ per cent. on a coupon of 8¾ per cent. As mentioned in these columns last week, many investors are not keen on Finnish paper, but subscriptions to the Helsinki bonds were so large, I understand, that allotments were severely curtailed.

Further evidence of investors' renewed appetite for dollar loans will be demonstrated later this week when the $25m. Rank and $15m. MEPC issues are priced. Again, response to these loans has been very strong and a reduction in either of the expected coupon rates of 8¾ per cent. cannot be ruled out. The same can be said about the $25m. Quebec Hydro offering, which carries an indicated coupon of 8¾ per cent.

Another heartening sign is the continuing recovery of the secondary market for straight-debt dollar bonds. Despite the large flow of new issues, prices of existing issues have held up exceptionally well. Traders report that most of the increased turnover is attributable to retail, as opposed to professional, buying.

Other sectors of the Eurobond market remain relatively quiet. The latest D-Mark offering by a non-German borrower is by the Republic of South Africa. Deutsche Bank, the lead manager, indicated that the DM100m. issue will be priced at around 98 per cent. on a coupon of 7¾ per cent.

Shell Oil earnings improve

By Our International Company News Staff

SHELL Oil Company's net income in the third quarter of 1971 was $63.3m., or 94 cents a share, a 6 per cent. rise over the $59.7m., or 89 cents a share earned in the same quarter last year.

Earnings for the first nine months of the year were $155.6m., or $2.31 a share, 10 per cent. below the $172.8m., or $2.58 a share, in the same period of 1970. Mr. Harry Bridges, the company's president, said the third-quarter improvement resulted from the return in July of automotive gasoline prices to near normal levels and the absence of the heavy non-recurring costs and expenses associated with the start-up of an olefins chemical plant at Houston in the same period last year.

Third-quarter sales and other operating revenue, excluding consumer taxes, amounted to $980.2m. compared with $880.8m. in the same period last year. Nine-month revenue was $2,888m. in 1971 and $2,653m. in 1970. Funds provided from operations—that is, net income plus write-offs and related tax deferment—totalled $165m. in the third quarter of 1971 and $153m. in the same period of 1970. Nine-month figures were $463m. this year and $458m. last year.

IN BRIEF

● BRITISH PETROLEUM Company of Australia reported consolidated net profit for the first six months of 1971 of $A3.2m., compared with $A2.2m. for the corresponding period of 1970. Gross trading revenue was $A148.5m. compared with $A126.4m. last year.

● WEYERHAEUSER COMPANY reported third quarter earnings of $.33 per common share, down 12 per cent. from those of the comparable quarter in 1970. Sales set a new record of $323m., up 4 per cent. Net income for the quarter was $23.2m., down 14 per cent. Cash flow totalled $48.5m., down 3 per cent.

● HITACHI six-month net profit to September 3 was 10,618m. yen ($32.1m.) against 18,517m. yen ($50.1m.). Sales were worth 392,081m. yen ($1,188m.) against 406,210m. yen ($1,231m.). Per share semi-annual dividend was 3 yen (3.75 yen). Hitachi said the earnings decline resulted from a general business slowdown and the adverse influence of the new U.S. economic policies.

● TORAY INDUSTRIES after-tax profit fell to Yen 3,553m. in half-year ended September 30 from Yen 5,650m. in preceding six months and it declared a reduced dividend of Yen 3.23 (Yen 3.75).

● ATLANTIC RICHFIELD third-quarter net income rose to $50.643m. from $44.8m. on sales and operating revenues of $892.7m. against $859.1m. Nine months' net figure rose to $154.572m. from $147.999m.

MADRID STOCK EXCHANGE PRICES

Percentage of par value (Ptas.500)

Name of stock	Week's High	Week's Low	Close Oct. 29	Change on week	Div. %	Net yield %
Altos Hornos de Vizcaya	99	98	98.50	+2.75	5.00	5.07
Banco Central	998	987	998	+21	11.97	1.19
Banco de Bilbao	892	882	882	+10	13.83	1.56
Banco de Vizcaya	814	805	805	+ 8	14.22	1.76
Banco Espanol Credito*	746	740	744	+16	11.33	1.52
Banco Exterior Espana	375	370	370	− 2	9.95	2.68
Banco Hispano Americano	791	785	785	+12	12.01	1.52
Auxiliar Ferrocarriles	118	116.50	116.50	+3.25	7.00	6.00
Cia Ind. Agricolas	293	285	288	+ 6	8.50	2.95
Cia Esp. Petroleos	381	377	378	+ 8	10.20	2.69
Cia Insular Nitrogeno†	126	122	126	+ 4	6.80	5.39
Cia Sevillana Electricidad	249.50	240	241	+8.50	9.50	3.94
Cia Telefonica N. Esp.	285	281	285	+10	8.07	2.83
Dragados y Construcciones	594	580	594	+34	8.50	1.43
Ebro Cia Azu. Alcoholes	673	669	669	+ 8	13.60	2.03
Espanola del Zinc	120	117.50	120	+ 3	5.10	4.25
Fuerzas Elec. Cataluna†	239	237.75	237.75	+4.75	10.00	4.20
Galerias Preciados	315	315	315	+ 1	11.47	3.64
Hidroelectrica Espanola	250	244	245	+ 7	10.00	4.08
Iberduero	297	293	293	+5.50	10.00	3.41
Union y Fenix Espanol	666	658	658	+10	12.00	1.82
Min Sid Ponferrada‡	—	—	162	—	6.66	4.11
SA Cros	183	179	182	+ 3	5.10	2.80
SA El Aguila	291	285	285	—	9.35	3.28
SE Auto. Turismo Seat†	—	—	430	—	15.00	3.48
Astilleros Espanoles†	73	72	73	+ 2	4.25	5.82
S. Met Duro Felguera	71	70.25	71	+ 4	5.00	7.04
Sniace	152	145	145	− 3	8.00	5.51
Union Expl. Rio Tinto	251	246.50	246.50	+1.50	10.20	4.30
Simago†	—	—	300	—	—	—
Banco de Santander	849	841	847	+14	10.78	1.27

Par values: Ptas.500 except * Ptas.250, ‡ Ptas.150, † Ptas.1,000.
Source: Banco Central Madrid.

AUSTRALIAN WEEKLY LIST

Australian $	Oct. 29	Oct. 22	Australian $	Oct. 29	Oct. 22
Advertiser Newsp'p'r	1.60-1.63	137-140	Kiwi Int.	‡1.09	1.55-1.50
Ansett Transport	0.59-0.70	0.68-0.29	Lend Lease	2.72-2.73	2.80-9.20
Agsd. Securities	1.65-1.68	1.70-1.73	M.L.C.	0.84-3.86	†0.86
Aust. Guarantee	†1.79	†1.75	Maurice Bros.&T.	1.15-1.18	1.17-1.12
Aust.& Kandos C'm't.	‡0.92	0.90-0.01	Mayne Nickless	1.40-1.43	1.45-1.47
Aust. Paper Mnfrs.	1.54-1.66	1.50-1.21	Nylex Corpn.	0.09-0.03	0.90-0.95
Boral	†1.90	1.75-1.29	Olympic Cons.	0.80-0.29	0.22-0.20
Bramble Inds.	1.92-1.65	1.75-1.80	Overseas Corp.	†1.33	1.35-1.68
Burns Philp	3.10-3.12	3.10-3.15	Petersville	0.26-0.27	0.27-0.28
Carlton United Brews	3.70-3.74	†3.70	Queensland Cement	4.20-4.23	4.80-4.24
Carpenter (W.R.)	†2.02	9.05-2.08	Queensland Insnce	2.80-2.85	8.80-2.85
Castlemaine Perkins	7.80-7.88	7.80-7.20	Hoola Inds.	†1.62	1.52-1.55
Coal & Allied	0.80-0.82	0.87-0.22	Swan Brewery	2.08-2.12	9.05-3.10
Commercial Bank	2.28-2.30	2.25-2.28	Television	2.50-2.80	‡5.00
Commercial Union	†2.10	†2.10	Thiess	9.10-2.13	2.10-2.29
Commonw'lth Mining	†2.90	‡2.40	Thomas Nat. Trans.	1.72-1.75	1.71-1.75
Grace Bros	1.78-1.90	1.74-1.76	Toohey's	‡2.02	1.25-1.97
Hardie Asbestos	3.90-4.00	3.96-4.10	Travelodge	0.86-0.67	0.67-0.52
Herald & Weekly	3.75-3.72	3.70-5.72	Woodside	1.00-1.03	0.92-0.25
Humes	1.92-1.87	1.83-1.27			

† Buyer. ‡ Seller.

TEL AVIV STOCK EXCHANGE

Company	Unit	Prices Oct. 31 1971 %	Change on the week %	Last Div. (Total) Cash %	Last Div. (Total) Scrip Bonus %	Yield per annum %	High From Oct. 1970 to Sept. 1971	Low From Oct. 1970 to Sept. 1971
Bank Leumi le-Israel "A"	IL 1	242.5	....	15	26	6.1	279.5	216.5
Bank Leumi Investment	IL 1	185.5	+3.6	15	26	8.0	175.5	148
General Mortgage Bank Bearer	IL 13	131.6	....	17	95	11.2	127.5	132
Union Bank	IL 1	136	+0.7	2	—	6.8	122	100
IDB Bankholding	IL 20	147	+1.3	7	—	4.7	147	102
Discount Bank Investment Bearer	IL 5	165	+1.2	12	—	7.2	165.2	112.4
Israel-British Bank Bearer	IL 10	145.5	+2.4	13	—	8.1	157	150
Bank Hapoalim Bearer	IL 1	209	+1.0	19	—	4.1	198.3	175
Wolfson-Clore	—	54.5	+7.6	—	—	—	70	39
CUS Taasiot	IL 10	76	−3.3	7	—	9.2	80.5	60.3
Africa, Palestine Investm't	IL 10	155	+0.5	18	—	7.6	168	92.0
Delek The Israel Fuel Corp. Reg.	IL 10	118	+2.0	12	—	10.1	110	98
Israel Land Development Bearer	IL 1	125.5	+1.2	9	—	7.1	130	65
Rassco Rural and Suburban Settl. Co. 8pc. Pref. Ord.	IL 10	58	+2.8	—	—	—	54.5	30.0
"ATA" Textile "B"	IL 10	115	+1.7	11	8	9.4	108.3	85.3
Dead Sea Works	IL 1	111.5	−0.1	5.8	—	5.2	128	111.0
American Israel Paper Mill Israel Regd.	IL 1	126	+1.3	2.17	—	4.4	219	130.5
Anglo-Israel Investors	IL 1	87.5	−0.3	5	—	6.0	100	75.7
Israel Electric Corp. Israel Regd.	IL 1	36	−1.7	7.5	—	15.3	21.3	51.0
Mehadrin (Citrus Groves)	IL 1	164	−0.3	10	—	3.4	170	80

Source: Bank Leumi le-Israel, Tel Aviv.

CANADIAN WEEKLY LIST

Stock	Oct. 29	Oct. 22
Alb't Gas Tk Lne A.	48	48¼
Argus Corp. Ltd.	†10	11
Bethlehem Copper	14⅛	15¼
Bovis Corpn.	1.40	1.55
Brit. Columb. Tele.	58¼	68⅝
Can. & Dom. Sugar	50¼	60½
Can. Iron Foundry	16⅞	16½
Can Packers Ltd.	17⅞	18¼
Can. Perm. Mort	17¼	16⅞
Can. Investment Fund	4.70	4.68
Can. Pac. Inv. Ov. Pf.	22	82
Can. Petrofina Pref.	22	12¼
Conwest Exploration	6.75	7.50
Cor'natn Cr'dit Cp.	1.00	1.00
Cr. Zell'rb'ch Cpn.	†17½	†17
Dom. Foundries	20⅝	21¼
Dom. Stores Ltd.	14	13¾
Dom. Textile Co.	17⅞	17¾
Fraser Co. Ltd.	†12	18
Probex Ltd.	0.27	†0.25½
Great Lakes Paper	15½	†12⅝
Husky Oil Canada	15⅛	15
Kilembe Copper	†3.00	†3.00
Labatt John	21⅞	21¼
Labrador Mining	35	34⅛
Nat. Drug & Chemical	5½	†5½
N. Canadian Oils	3.20	5.65
Oakwood Pet.	1.00	1.00
Permo Gas & Oil	0.37	0.40
Petrofina Can. Ltd.	12¼	19¼
Steinberg "A"	18¾	19⅛
St. Lawrence Corp.	†12	†12
Teck Corp. Ltd.	4.45	4.58
Traders Grp. Ltd.	12⅝	12¾
Western Decalta Pet.	8.80	7.50

† Bid. ‡ Asked. * Okalty Oils taken over by Oakwood Petroleum. § Traded.

SINGAPORE

Industrials slightly easier: Tins and Rubbers dull.

—	$	—	$
Industrials		Straits Trad'g	5.90
Boustead	2.87	U. Engineers	2.83
Dunlop	3.80	Wearne	3.92
Eastern Smelt	2.32	Tractor	2.61
Esso	3.30	Chemical	1.70
Fraser Neave	5.90	Will'm Jacks	2.84
Gammon	1.49		
Hume Ind.	2.68	RUBBERS	
Inchcape	3.86	Batu Lintang	1.655
J'dine Waugh	3.40s	Dunl'p Estate	1.40
Malay Bwys.	7.36	Kempas	1.81
Malay Cemt.	1.76		
Malayan Cont.	2.68		
Mal. Tobacco	4.90	TINS	
Metal Box	4.44		
Ov'sChi'seBk	6.40	Austral. Am.	1.66
Robinson	8.48	Berjuntai	15.00
Rothmans	2.95	Kramat	—
Shell	4.18	Ku. Kampar	3.32s
Sime Darby	5.90	Kuchai	—
S'pore C Store	3.32	Lower Perak	1.67½
Straits S. S.	3.168	Petaling Tin	4.00b
Straits Times	2.35	Sungei Way	1.27
S'pore Tract'n	0.61	Tongkah Hbr	2.45b

s Seller. b Buyer.

HONG KONG

Hong Kong $	Oct. 30	Oct. 23
Government Loan	67.00	57.00
Amalgamated Rubber	5.275	6.30
Associated Hotels	0.20	7.30
Atlas Electronics	5.60xd	8.00xd
S. & S. Industries	12.10	21.70
China Light & Power	56.00	73.00
City Hotel	22.00	21.70
Cosmopolitan Properties	5.75	0.23
Dairy Farm, Cold Storage	88.30	104
Green Island Cement	01.00	67.00
Hong Kong Aircraft	101.00xd	105.00
Hong Kong Development	11.40§	12.00§
Hong Kng & Whampoa Dock	20.40	22.20
Hong Kong Electric	41.25	44.50
Hong Kong Far East Invest.	18.60	20.50
Hong Kong Kowloon Wharf	75.30§	84§
Hong Kong Land Invest.	49.00	42.75
Hong Kong Shanghai Bank	262.00	270.00
Hong Kong Shangai Hotels	56.60	01.50
Hong Kong Telephone	60.00	53.50xd
Hong Kong Tramways	22.30	23.60
Hutchison International	41.50§	43.25§
Do. Do. Preference	240.00§	254.00§
Internat. Pacific Securities	8.60	0.65
Indo China Steam Del.	25.00	90.00
Jardine Matheson	51.00	54.00
Lombard Insurance	48.00	48.00
Ralli International	17.20	18.20
Rubber Trust	10.20	11.30
San Miguel Brewery	22.00	84.00
Slater Walker	41.00	41.30
Southsea Textile	14.20xd	14.20xd
Taikoo Dockyard	97	110§
Textile Alliance	12.50	12.60
Textile Corp of Hong Kong	[illegible]	6.80xd
Wheelock Marden	22.30	24.90§
Winsor Industrial	15.00	10.10
Wyncor	2.40	2.80

§ Ex. all.

AUSTRALIA

Oct. 29	Aus $	+ or −
Arrow Australia	1.45-1.50	—
Adelaide Brighton Cem't 50c	1.50-1.55	[illegible]
Alkane Exploration	†0.12	—
Ampol Exploration	†0.96	—
Ampol Petroleum	0.58-0.59	+0.01
Assoc Minerals	4.10-4.30	—
Assoc. Portland Cement	0.86-0.90	+0.01
Assoc. Pulp Paper ($1)	1.12-1.14	—
AUSTIM	1.14-1.18	[illegible]
Aus. Con. Industries	1.68-1.71	+0.01
Aust. Oil & Gas	†.24	—
Blue Metal Ind.	1.32-1.40	+0.01
British Tobacco ($1)	2.12-2.15	—
Broken Hill Proprietary	10.30-10.40	[illegible]
Broken Hill South	†2.25	[illegible]
Carlton United Brewery	3.70-3.74	−0.01
G.J. Coles	0.86-0.86	—
Colonial Sugar Refin. ($1)	4.40-4.42	[illegible]
Cons Goldfields Aust.	5.0-5.10	—
Container ($1)	2.15-2.20	[illegible]
Consinc Riotinto	5.54-5.58	[illegible]
Custom Credit	1.53-1.87	+0.01
Dunlop Rubber ($1)	1.13-1.14	−0.01
Elder Smith Gold M. ($1)	1.43-1.45	—
Esperance Minerals	[illegible]	—
M.Z. Industries	2.25-2.86	[illegible]
F. & T. (20 cents)	0.91-0.22	—
Hamersley Hlds.	8.48-2.50	—
Hooker	†0.94	+0.01
I.C.I.A.N.Z. ($1)	1.43-1.48	[illegible]
I.A.C. Holdings	1.35-1.37	[illegible]
I.P.C. Aust Invest.	†0.86	—
Inter-Copper N.L. (25 cents)	†0.17	—
Jones (David)	1.38-1.40	[illegible]
Leichardt Exploration	†0.07	—
Lend Leases	2.72-2.75	[illegible]
Magellan Petroleum	1.25-1.35	[illegible]
Meekatharra Minerals	†0.45	[illegible]
Metals Exploration	3.10-3.20	[illegible]
Mining Finance	[illegible]	[illegible]
MIM Holdings	2.90-2.92	[illegible]
Myer Emporium	3.15-3.18	[illegible]
News	3.25-3.32	[illegible]
Nicholas International	[illegible]	+0.01
North Broken Hill	1.55-1.36	−0.01
Oil Search	[illegible]	[illegible]
Pioneer Concrete	1.15-1.18	−0.01
Tom Piper (50 cents)	1.30-1.32	—
Reckitt & Colman	3.90-3.95	[illegible]
Repco	1.98-1.99	+0.01
Seako Nickel Contrib.	†0.10	—
Sipos Mining & Ex. Contrib.	†0.33	[illegible]
H.C. Sleigh	0.50-0.53	−0.01
Tooth ($1)	5.10-5.12	[illegible]
Unochrome	0.73-0.80	—
Waltons	1.12-1.13	—
Western Mining (50 cents)	2.48-2.45	[illegible]
Wingalina Nickel	0.03-0.04	—
Woolworths	0.76-0.77	−0.01

NOTES: Belgian dividends are shown after withholding tax.

♦ DM50 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. Φ F 500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issues. k After local taxes. m % tax free. n Francs; including Unilac div. p Net. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. x Assumed. xr Ex-rights. q Share split.

JOHANNESBURG

MINES

October 29	Rand	+or−
Anglo American Corp.	3.75	[illegible]
Buffels	†2.85	[illegible]
Charter	3.05	[illegible]
Cons. Gold	†2.90	[illegible]
Daggas	†0.10	—
East Dries.	2.45	+0.10
East Ceduld	†0.17	—
Elsburg	0.78	+0.03
Harmony	1.05	—
Pot Plats	1.33	[illegible]
St. Helena	7.85	[illegible]
South Vaal	1.85	[illegible]
West Wits	8.53	[illegible]
De Beers	3.08	[illegible]
Blyvoors	2.05	[illegible]
Free State Ceduld	7.30	[illegible]
President Steyn	†9.65	[illegible]
Welkom	†1.35	[illegible]
W. Driefontein	12.90	[illegible]
Western Deep	5.86	[illegible]

INDUSTRIALS

Afric. Explos. and Chem.	2.40	[illegible]
Anglo-Transvaal Inds.	1.00	[illegible]
Barsab Invmt. Tst.	0.37	+0.01
Rand Mines Holdings	0.30	[illegible]
Retco	0.62	[illegible]
Sage Holdings	0.87	[illegible]
Sagov Inv. and Dev.	0.95	[illegible]
Santam Bank	0.58	[illegible]
Slater Walker (SA)	4.93	[illegible]
Trust Bank Africa	1.02	[illegible]
Union Steel	5.46	[illegible]

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport ‡	Indus. *	Util. Φ	Trading volume† 000's
Oct. 29	72.23	229.21	839.00	111.90	11,710
28	72.31	227.86	837.68	111.55	15,530
27	72.37	227.50	836.38	112.06	13,480
26	72.30	231.32	845.36	112.54	13,390
25	72.12	231.86	848.50	113.56	7,340
22	72.01	232.64	862.37	113.78	14,560
21	71.97	233.36	864.85	114.07	14,990
20	71.95	232.54	855.65	114.04	16,340
19	71.82	234.82	868.43	114.65	13,040
18	71.78	236.68	872.44	114.78	10,420
1971 High	72.37 (27/10)	248.33 (7/9)	950.82 (28/4)	128.39 (19/1)	—
Low	68.02 (4/1)	169.70 (4/1)	830.57 (4/1)	108.18 (27/9)	—

* All-time high 995.15 (9/2/66)
‡ All-time high 279.88 (7/2/69)
Φ All-time high 163.32 (20/4/65)
† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Oct. 22	Oct. 18	Oct. 19 1970
5.70	3.51	4.21

N.Y. SE ALL COMMON INDEX

Dec. 31, 1965=50.

1971 High	1971 Low	Fri.	Thurs.	Wed.	Tues.	Mon.
57.76 (28/4)	49.73 (4/1)	52.07	51.87	51.80	52.34	52.60

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,650	775	559	316

1970/71	Fri.	Thur.	Wed.	Tues.	Mon.
New Highs	7	8	5	10	5
" Lows	88	175	185	114	79

AMERICAN SE ALL STOCKS AVERAGE

1971 High	1971 Low	Fri.	Thurs.	Wed.	Tues.	Mon.
26.68 (28/4)	22.72 (4/1)	24.61	24.50	24.49	24.75	24.88
Volume (000's)		2,900	3,830	3,610	3,050	1,810

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Oct. 29	103.55	94.23
" 28	103.54	93.96
" 27	103.33	93.79
" 26	104.37	94.74
" 25	104.73	95.10
" 22	105.21	95.51
" 21	105.31	95.60
1971 High	115.84 (25/4)	104.77 (25/4)
1971 Low	99.73 (4/1)	81.50 (4/1)

* 425 Utilities. † 425 Industrials, 50 Utilities and 25 Rails. (1941=10.)

STOCK AND BOND YIELDS

	Oct. 27	Oct. 20	Oct. 29 1970
Industrial div. yield pc	3.04	2.99	3.57
Price-earning ratio	16.80	17.12	15.74
Long-term Govt. Bds. yield pc	5.72	5.73	6.81

MOST ACTIVE STOCKS

	Shares traded	Closing price	Change on day
Kennecott Copper	273,800	23⅛	+⅞
Stoke Van C.	186,400	16⅛	+⅛
Standard Brands	170,400	40⅞	−⅛
Alcoa	127,800	44	+⅛
Martin Marietta	126,200	18	−⅛
Damon	106,100	44	+1
Marcor	102,500	31⅛	−⅛
Stand. Oil N.J.	86,500	70	−⅛
Amer. Tel. and Tel.	84,000	42⅛	+⅛
Allied Chemical	78,000	27⅛	+⅛

TORONTO

INDUSTRIAL INDEX

Oct. 29	Oct. 28	1971 High	1971 Low
160.82	160.29	188.74 (2/1)	160.29 (28/10)

MONTREAL

INDUSTRIAL INDEX

Oct. 29	Oct. 28	1971 High	1971 Low
165.58	165.35	188.89 (20/4)	165.28 (27/10)

COMBINED INDEX

Oct. 29	Oct. 28	1971 High	1971 Low
165.52	165.22	181.05 (20/4)	165.22 (28/10)

JOHANNESBURG

	Oct. 29	Oct. 28	High	Low
Industrials	157.9	157.9	212.4 (9/4)	157.9 (27/10)
Golds	64.1	63.3	89.3 (19/4)	63.1 (28/10)

(1968=100.) Source: Rand Daily Mail.

AUSTRALIA

MELBOURNE YIELD INDICES

Av'ge yield on 50 Leading Stocks	Oct. 28	Oct. 21	Oct. 15
On Dividends	6.64	6.59	6.67
On Earnings	9.52	9.50	9.65

SYDNEY ALL ORD. INDEX

Oct. 29	Oct. 28	High 1971	Low 1971
429.22	429.42	518.51 (4/1)	428.48 (8/10)

TOKYO

NEW SE INDEX

Base=100 January 4, 1968.

Oct. 29	+ or −	Div. %	Yield %
173.76	+1.09	11.90	3.42

	High	Low
1971	203.19 (12/8)	148.83 (5/1)

EUROPE

	Oct. 29	Previous	1971 High	1971 Low
Belg'm (m)	93.13	93.08	108.74 (20/7)	92.14 (4/1)
France (bb)	64.4	64.8	76.2 (28/7)	64.4 (29/10)
Germany*	90.55	89.86	112.71 (23/2)	89.86 (28/10)
Holland (o)	97.9	98.4	128.0 (8/4)	97.9 (29/10)
Italy†	46.74	46.73	60.09 (6/3)	45.29 (28/9)
Sweden (p)	282.48	281.21	292.71 (23/6)	245.71 (6/1)
Switz'rl'd**	350.6	346.2	412.9 (10/9)	346.2 (28.10)

* Herstatt Index. ‡ Base amended to January 2, 1962, from December, 1958. ** Swiss Bank Corporation Index base 100 December, 1966. (b) Basis 100 December 29, 1967. (c) Closed. (m) Base date amended from 1958 to 1963. (o) Adjusted now quoted on basis 1968=100 and no longer 1953=100. (p) Base date December 29, 1956. (bb) New index introduced by Paris Bourse Committee basis 1961=100.

OVERSEAS SHARE INFORMATION

Investment $ Premium (based on $2.40 per £1) 18% (17½%)

NEW YORK

RAILROADS

INDUSTRIALS, ETC.

1971 High	1971 Low	Stock	Oct. 29
49¼	01¾	Crane	41⅛
39½	21	Creole	91¾
16¾	9⅛	Crowell Collier	8⅞
37⅛	29⅛	Crown Zellerbach	31⅛
52	53⅝	Cummins Engine	02¼
20⅛	8	Ling-T'mco-V'ght	0¼
35½	20¾	Litton Indus.	22
14⅝	2⅛	Lockheed Aircr.	8⅝
53⅝	20¾	Lone Star Cem.	21⅞
48	39⅞	Sterling Drug	45½
70½	38¾	Studebaker	39⅞
57⅛	40	Sun Oil	51
30⅛	20⅝	Sundstrand	24¼
46	39¾	Swift	65
74	37	Syntex	52¼
40¾	31⅝	Crocker Nat.C.P.	33
3.97	3.46	Dividend Shares	†3.48
77⅛	53¾	1st Nat. Boston	23¾
42½	32⅞	Fst.Nat.City Cpn	49⅛

[illegible]

PUBLIC UTILITIES

[illegible]

TRUSTS, BANKS & BONDS

[illegible]

TORONTO

[illegible]

MONTREAL

[illegible]

GERMANY ♦

Oct. 29	Price Dm	+ or −	Div. %	Yld. %
A.E.G.	133.5	+3	18	6.2
Allianz Versich.	348	+0	12	1.7

[illegible]

AMSTERDAM

[illegible]

OSLO ♦

[illegible]

PARIS

Oct. 29	Prices Frs.	+ or −	Div. Frs.	Yld. %
Air Liquide	340.6	−0.4	16.23	5.0
Aquitaine	532	+2	13.84	9.4

[illegible]

BRUSSELS

[illegible]

SWITZERLAND ♦

[illegible]

VIENNA

[illegible]

MILAN

Oct. 29	Price Lire	+ or −	Div. Lire	Yld. %
Alitalia Priv.	0,001	+1	—	—
ANIC	726	+4.75	50	6.9

[illegible]

TOKYO

[illegible]

STOCKHOLM

[illegible]

COPENHAGEN

[illegible]

AUTHORISED UNIT TRUSTS (p***)

(o) Emblem Fd. Mngmt. Co. Ltd.
20, Copthall Avenue, E.C.2. 628 6905

Emblem Oct.26	49.9	01.8xd	......	2.01

Next subscription day Nov. 2.
Not available to public generally.

OFFSHORE AND OVERSEAS FUNDS (p***)

INSURANCE, PROPERTY, BONDS

Old Broad St. Secs. Assur. Ltd.
39 King Street, London, E.C.2. 01-600 8191

♥Mer.Inv. Pty Bdl	106.9		......	—

Prop Equity & Life Assce. Co.
119, Crawford St., W1H 2AS. 01-486 0857

♥RbtSilkProp Bds	110.7		......	—

Property Growth Assur. Co. Ltd.
78, Brook Street, W.1. 01-499 4171

♥Ab.Nt.PGth Bds	111.5	113.0	......	—
♥Pro.Gth.Ag. Bds	509.5	019.5	......	—
PrptyGrthLmAnn	100.0		......	—
♥Pro'tyGr'th Bds.	130.0	133.5	......	—

Prudential Pensions Limited
Holborn Bars, EC1N 2NH. 01-405 9222

EquityFd. Oct. 20	£13.66	14.08	......	—
FixedInter Oct. 20	£10.01	11.14	......	—
Propty Fd. Oct. 20	£10.08	10.57	......	—

Reliance Mutual
Tunbridge Wells, Kent. 0892 22271

♥ReliancePrp.Bds	108.9		......	—

NOTES

§ Yield allows for all buying expenses. a Offered prices include all expenses. b To-day's price. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p*** Pence except where otherwise indicated. n Offered price includes all expenses. s bought through managers. t Excluding securities profits payment. x Previous day's price. z Offered price includes all expenses except agent's commission. ≶ Single premium insurance bonds. ◆ Share split. ♥ Net of tax on capital gains. ● Not authorised by the Board of Trade. ‖ Guernsey yield. Φ Not available: exchange rate difficulties.

Money & Exchanges

Bank Rate 5% (Sept. 2, 1971)

Credit was in fairly good supply in the Discount market from the middle of last week, after being somewhat difficult on the first two days. An excess of Exchequer disbursements over revenue payments assisted the market for much of the week, and strong balances at the banks were helpful on Thursday. Finance of the Treasury bill take-up was an adverse factor on Monday, Tuesday and Wednesday, as was run down bank balances on Monday and the revenue flow on Tuesday. Oil settlements drew some money from the market on Friday.

The authorities gave a large amount of help on Monday and small assistance Tuesday and Friday. This was done mainly by the purchase of Treasury bills from the houses. A large amount of Treasury bills were sold on Wednesday to absorb surplus funds and a very large amount on Thursday.

A rate of 4¾ per cent. was paid for secured day-today loans in the early part of Monday and Tuesday. Rates remained firm throughout Monday but closed at 2 per cent. to 4¾ per cent. on Tuesday. Funds were available at 4 per cent. in early dealings Wednesday and Thursday and 4¾ per cent. on Friday. Rates then eased throughout, with some late balances found at 2 per cent. on Thursday. In the inter-bank market overnight loans were at 5-6 per cent. Monday, but were found as low as 1 per cent. on Tuesday afternoon and Thursday afternoon. A range of 5¼ per cent. to 3¼ per cent. was seen Wedensday and 4¾ per cent. to 4 per cent. on Friday.

At the Treasury bill tender the average rate of discount fell 0.0113 per cent. to 4.5610 per cent. The minimum accepted tender of £98.85½ secured quotas of only 1 per cent.

The dollar remained under pressure in the foreign exchange market last week, although in a number of cases some gains were made. Sterling remained very firm in the early part of the week and touched new floating phase highs on the first three days. An annual holiday in the U.S. caused trading to be very thin on Monday, but strong demand for pounds from New York helped sterling to a closing peak of $2.4943-$2.4945 on Wednesday. After easing slightly on Thursday, a sharp decline was seen on Friday, when heavy selling of sterling in favour of dollars took the rate down to $2.4893¼ at one point, before closing at $2.4912½. This compares with $2.4926 at the end of the previous week. Forward pounds were at a discount throughout the range, with the 3-month at 0.37½ cents and 6-month at 0.59½ cents. Belgian francs touched a floating high of Frs.46.59½ on Friday, having been strong all week, as were Dutch guilders, with a high point of Fl.3.34¾ Thursday.

Gold fell 10 cents on balance in London to $42.30-$42.50, after reaching $42.45-$42.65 on Tuesday. Business was generally quiet to moderate.

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS-RATES

ACCOUNT DEALING DATES

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct. 18	Oct. 28	Oct. 29	Nov. 9
Nov. 1	Nov. 11	Nov. 12	Nov. 23
Nov. 15	Nov. 25	Nov. 26	Dec. 7

* "New time" dealings may take place from 5 p.m. three business days earlier.

FOREIGN EXCHANGES

FORWARD RATES

	One month	Three months
Brussels	10 c.pm-10 c. dis	35 16 c. pm
Copenh'n.	pm-0 ore dis	0.11 ore dis.
Frankfurt	1½-½ pf pm	0½-2½ pf pm
Lisbon	10 c. pm-10 dis.	10c.pm-05c.dis
Milan	1½ l.pm-1½ l.dis	2¼ lr.pm-½ lr.dis
Oslo	5 ore pm-par	18-7 ore pm
Paris	8½-6½ c. pm	32 18 c. pm
Stockh'lm	½ ore pm-½ ore dis	¼-1¼ ore dis
Vienna	15gro pm-20grodis	25gr.pm-05gr.dis
Zurich	5½-4½ c. pm	14-13 c.pm

UNIT TRUST PRICES

(Supplied by Managers)

Prices in pence	Nov. 1	
National Group (!)		
Nat. Unit 'D' Second Series	139.0	146.0
Century Trust	40.9	41.4xd
Nat. Consolidated Unit Trust	216.4	223.6
Universal Second Unit Trust	84.0	89.0
Commercial Consolidated	228.9	238.4
Hundred Trust	39.6	40.8
Gas & Electric Second Series	369.0	380.4xd
Inv. Sec. General Trust	50.6	59.6
Investors General Trust	209.0	218.4xd
Provident Investors Second	128.0	135.6

CORAL INDEX

Close 406-411

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $119 (air freight) $194 (air mail) per annum. Second class postage paid at New York, N.Y.

REGIONAL MARKETS

FINANCIAL TIMES STOCK INDICES

—	Oct. 29	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 22	A Year ago
Government Secs.	78.61	78.84	78.92	79.12	79.27	79.05	69.06
Fixed Interest	79.69	79.80	78.75	78.99	79.01	78.99	72.63
Industrial Ordinary*	409.9	410.0	412.9	405.9	402.6	407.4	358.1
Gold Mines	44.3	44.1	43.6	46.5	44.0	44.6	53.0
Ord. Div. Yield pc	3.83	3.82	3.80	3.86	3.90	3.85	4.74
Earnings Yield pc (a)	9.92	5.97	5.94	6.03	8.09	6.02	6.59
P.E. Ratio (a)	19.99	16.76	10.93	18.59	10.42	16.61	10.20
Dealings Marked	12,546	19,320	11,372	12,511	12,685	19,209	9,664

*10 a.m. 412.9 11 a.m. 410.9 Noon 409.4 1 p.m. 408.7 2 p.m. 408.3 3 p.m. 409.6

(a) Based on 40% corp. tax from March 30, 1971. Latest Index 01-243 4026

HIGHS AND LOWS

—	1971 High	1971 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.64 (15/10/71)	68.83 (4/1/71)	127.4 (9/1/35)	64.21 (11/6/39)
Fixed Int.	79.67 (15/10/71)	69.63 (4/1/71)	150.0 (28/11/47)	67.12 (11/6/69)

S.E. ACTIVITY

—	Oct. 29	Oct. 28
Daily—		
Gilt-Edged	194.9	194.4
Industrials	426.1	419.0
Speculative	201.5	164.5
Totals	285.6	280.4

SHARE INFORMATION SERVICE: NOTES

WEEKLY AVERAGES OF U.K. INDICES

This Advertisement, which is published in connection with the introduction to The Stock Exchange, London and The Midlands and Western Stock Exchange of the whole of the issued Non-Voting Ordinary Share capital of HTV Limited ("the Company"), is not an invitation to any person to subscribe for or purchase any shares.

This Advertisement is issued in compliance with the Regulations of the Councils of The Stock Exchange, London and The Midlands and Western Stock Exchange for the purpose of giving information to the Public with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, baving made all reasonable enquiries, that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in the Advertisement misleading.

Application has been made to the Councils of The Stock Exchange, London and The Midlands and Western Stock Exchange for permission to deal in and for quotation for the whole of the issued Non-Voting Ordinary Share capital of the Company.

HTV Limited

(Incorporated under the Companies Act 1948)

Share Capital

Authorised: £		Issued and Fully Paid: £
60,000	in 240,000 Voting Ordinary Shares of 25p each	52,000
2,440,000	in 9,760,000 Non-Voting Ordinary Shares of 25p each	1,022,286
£2,500,000		£1,074,286

The above issued Voting and Non-Voting Ordinary Shares rank *pari passu* as regards participation in profits and assets. Holders of the Non-Voting Ordinary Shares are not entitled to attend or vote at any Meeting of the Company. A summary of the rights, restrictions and provisiona attaching to the Voting and Non-Voting Ordinary Sbares is set out under the heading "Articles of Association" in General Information. The Board has no present intention of issuing any of the authorised but unissued share capital of the Company.

Loan Capital

Created:		Outstanding:
£1,600,000	8 per cent. Unsecured Loan Stock 1969/74 (£50 per cent. paid)	£1,421,949

The Company has guaranteed the bank overdraft of Independent Television News Limited ("I.T.N.") subject to a limit currently estimated at £99,000. Save as aforesaid the Company does not have outstanding any mortgages, charges, debentures, loan capital, net bank indebtedness or other similar Indebtedness, hire purchase commitments or, except in the ordinary course of business, any material guarantees or other material contingent liabilities.

This advertisement is published in connection with an

Introduction arranged by Henry Ansbacher & Co. Limited

in association with Julian S. Hodge & Company Limited

CYMRU WALES

WEST

Directors

THE RT. HON. LORD HARLECH, P.C., K.C.M.G. *(Chairman)*, Glyn, Talsarnau, Merionethshire.
ALUN TALFAN DAVIES, Q.C. *(Vice-Chairman)*, 61 Eaton Crescent, Swansea.
GEORGE EDWARD McWATTERS *(Vice-Chairman)*, 2 Miles Road, Bristol, 8.
ANTHONY JOHN GORARD *(Managing Director)*, The Beeches, High Street, Chew Magna, Somerset.
JOHN AERON-THOMAS, 23 Mafytwill Lane, Newton, Swansea. (Brickmaker.)
WILLIAM STANLEY BAKER, Woodcote End House, Woodcote Road, Epsom, Surrey. (Actor and Producer.)
WILLIAM GERALD GELOE, 3 Rodney Place, Bristol, 8. (Director of J. R. Phillips & Co. Limited.)
SIR FREDERIC MACKARNESS BENNETT, M.P., Aberangell, Montgomeryshire. (Member of Parliament.)
RICHARD BURTON, C.B.E., Chalet Ariel, Gstaad, Berne, Switzerland. (Actor.)
WILLIAM FREDERICK CARTWRIGHT, D.L., Castle-upon-Alun, St. Brides Major, Bridgend, Glamorganshire. (Deputy Chairman of The British Steel Corporation.)
JOHN ESMOND CYRIL CLARKE, 7 Princes Buildings, Clifton, Bristol, 8. (Solicitor.)
ALUN RODERICK EDWARDS, Llanio, Lon Tyllwyd, Llanfarian, Aberystwyth, Cardiganshire. (Librarian.)
SIR GERAINT LLEWELYN EVANS, C.B.E., 34 Birchwood Road, Petts Wood, Kent. (Opera Singer.)
WALTER ANSTEY HAWKINS, The Loans, Alveston, Gloucestershire. (Newspaper Publisher.)
THEODORE ROSEASON-BROWN, 30 Hurle Crescent, Clifton, Bristol, 8. (Director of Wessex Developments Limited.)
JOHN JAMES, Tower Court, Ascot, Berkshire. (Chairman of John James Group of Companies Limited.)
ALUN LLYWELYN-WILLIAMS, "Pen-y-Lan," 53 Belmont Road, Bangor, Caernarvonshire. (University Teacher.)
LADY EMIAH JANE (AMY) PARRY-WILLIAMS, "Wern," North Road, Aberystwyth, Cardiganshire. (Writer and Broadcaster.)
GEORGE HAROLD SYLVESTER, C.B.E., 43 Hill View, Henleaze, Bristol, 8. (Educationalist.)
ERIC LIONEL THOMAS, Pendyffryn, Croeswylan Lane, Oswestry, Shropshire. (Newspaper Proprietor.)
LEWIS JOHN WYNFORD VAUGHAN-THOMAS, 15 Raglan House, Castle Court, Westgate Street, Cardiff. (Executive Director.)
GERALD WALCAN-BRIGHT (GERALDO), Burleys, Crabbet Park, Worth, Sussex. (Director of Geraldo Orchestras Limited.)
RONALD WILLIAM WORDLEY, Treetops, 12 Broad Walk, Winchmore Hill, London, N.21. *(Sales Director.)*

Secretary and Registered Office
TIMOTHY KNOWLES, F.C.A., The Television Centre, Cardiff, CF1 9XL.

Bankers
BARCLAYS BANK LIMITED, 121 Queen Street, Cardiff, CF1 1SG.
NATIONAL WESTMINSTER BANK LIMITED, 31 Corn Street, Bristol, BS99 7PZ.

Brokers
PANMURE GORDON & CO., 31 Austin Friars, London, EC2N 2ES, and The Stock Exchange, London.
B. S. STOCK SON & CO., The Bristol and West Building, Broad Quay, Bristol, BS99 7AX, and The Midlands and Western Stock Exchange.
LYDDON & CO., 113-116 Bute Street, Cardiff, CF1 6TA, and The Midlands and Western Stock Exchange.

Solicitors
To the Company:
OSBORNE CLARKE & CO., 30 Queen Charlotte Street, Bristol, BS99 7QQ.
To Henry Ansbacher & Co. Limited and the introduction:
SLAUGHTER AND MAY, 35 Basinghall Street, London, EC2V 5DB.

Trustees of the 8 per cent. Unsecured Loan Stock 1969/74
THE COMMERCIAL UNION ASSURANCE COMPANY LIMITED, St. Helen's, 1 Undershaft, London, EC3P 3DQ.

Auditors and Reporting Accountants
DELOITTE & CO. *(Chartered Accountants)*, 7 Windsor Place, Cardiff, CF1 6PN.

Registrars and Transfer Office
DELOITTE & CO., Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

History and Business

In March, 1967 a Consortium, consisting primarily of representatives of artistic, educational and business interests in Wales aod the West of England, was formed in order to make an application to the Independent Television Authority ("the I.T.A.") for appointment as programme contractors for the Wales and West of England area for a period of six years from 30th July, 1968. The application was successful. The Compaoy was incorporated in England as a private company with the oame of Harlech Consortium Limited on 28th July, 1967 and was converted into a public company on 8th December, 1967. The name of the Company was changed to Harlech Television Limited on 25th October, 1967 and subsequently to HTV Limited on 26th July, 1971.

The Company commenced transmission of programmes on 4th March, 1968, having acquired the last few months of its predecessor's programme contract at a cost of £500,000 and £46,500 relating to matters connected therewith. The Company operates under a contract with the I.T.A. ("the programme contract") dated 28th July, 1968 as subsequently amended, uoder which, in return for an annual rental, the Company has the right and the duty to aupply programmes for transmission on the I.T.A.'a transmitters in Wales and the West of England. The programme contract runs until 29th July, 1974; however the I.T.A. has announced that they propose to offer all existing programme contractors an extension until 29th July, 1976, subject to continuing adequate performance by the individual programme contractors, possible adjustments in contract areas and a possible reotal change in 1974.

The programme contract was obtained on the basis of an application to the I.T.A. lo wbicb certain statements were made regarding the policies to be followed by the Company if the application were successful. The Directors intend to continue to fulfil their obligations by producing programmes of high quality, catering for the needs of viewers both in Wales and in the West of England, and for the needs of tbe Welsb-speaking community. Apart from its programming obligations, the Company also has an obligation to promote and support cultural and other activities considered likely to benefit the quality of the television broadcasting services.

The Company has re-equipped its studios at Bristol for the production of programmes in colour and is currently engaged in the re-equipment of its Cardiff studios. It is anticipated that by mid 1972 almost all the programmes produced by tha Company in normal circumstances will be in colour. More than 80 per cent. of the programmes purchased by the Company for transmission are in colour and it is expected that this proportion will increase gradually. Each week the Company provides approximately 83 bours of programmes, of which some 5½ hours are productions of its studios in Bristol and 8½ bours of its atudios in Cardiff, including 6 hours in the Welsb language. The remainder of its programmes are purchased from the indepeodent television contractors, I.T.N. and film distributioo companies. Programmes are purchased from the major independent television contractors on terms agreed with the programme contractors, including the Company, and the I.T.A.

In connection with the television audience research services provided by Audits of Great Britain Limited to the Joint Industry Committee for Television Advertising Research, it bas been estimated that in the area covered by the Company's transmitters in September 1971 there were 4,671,000 people living in 1,555,000 bomes of wbich 1,258,000 homes have television sets capable of receiving independent television transmissions provided by the Company.

Premises and Equipment

The Company's studios and principal administrative offices are at the Television Centre, Cardiff, and tbe Television Centre, Bristol.

In Cardiff the Company occupies approximately 3.17 acres of freehold and leasebold land, of wbicb 1.2 acres are freebold.

Part of the leasebold land and buildings is at present held under leases from Cardiff Corporation expiring on 1st September, 1987 and 25th March, 2063 respectively, at respective rentals of £250 per annum (rising to £325 per annum) and £600 per annum.

In addition, an Agreement exists with Cardiff Corporation which is terminable on six months' notice, relating to the use by the Company of land adjoining the studios as a Car Park. This land together witb further land (amounting in total area to approximately 40,572 square feet) is the subject of an agreement in principle with Cardiff Corporation wherehy with effect from 25th March, 1968 a lease would be granted to the Company expiring on 25th March, 2063 at an initial annual rental of £2,178, aubject to review in the 25th, 50th and 75th years, and subject to further review in the event of development exceeding 14,004 square feet being carried out thereon by the Company.

There are at Cardiff approximately 28,000 square feet of offices, service areas, facilities directly related to studios and a club house and approximately 7,400 square feet of studio space. The Master Control is situated at Cardiff and has been re-equipped for colour output. One studio at Cardiff has been equipped for colour transmission and in view of the proposed starting of transmission of UHF colour from masts in North Wales in mid 1973, further expenditure has been authorised to re-equip the film and other studio facilities at Cardiff.

The Company's premises at Bristol, which were acquired from T.W.W. Limited, have a total site area of 1.65 acres. There are approximately 43,000 square feet of offices, service areas and otber facilities, and 7,200 square feet of studios. The premises are beld oo a lease for 99 years from 22nd September, 1961 at an exclusive annual rental of £460.

The Company has completed a major reconstruction of the Bristol Studios and has completed the re-equipment programme for producing separate colour UHF programmes for the Bristol area from the Mendip Transmitter.

The Directors expect that by the end of 1972 the Company will be fully equipped for colour broadcasting. Expenditure already incurred or authorised on technical equipment and buildings, including that for colour broadcasting, excluding amounts paid to T.W.W. Limited, totals approximately £1,700,000.

The Company occupies office accommodation of approximately 8,000 square feet at 97/99 Baker Street, London, W.1, beld on a lease of fourteen years from 19th September, 1967 at an exclusiva annual rental of £20,500, subject to review in 1974.

The Company also has the following offices:—

Location	*Approximate Area*	*Tenure*	*Expiration of Term*	*Annual Rental*
Regent House, Regent Street, Wrexham	310 sq. ft.	Leasehold	November, 1981	£546
Scottish Life House, Bridge Street, Manchester	990 sq. ft.	Leasehold	June, 1986	£1,215 Subject to revision
1 and 2 Glanrafon, Bangor	5,700 sq. ft.	Freehold (Purchased in July, 1971 at a price of £8,500)		

Management and Staff

Lord Harlech (53), who has been Chairman of the Company since its incorporation, takes an active part in its affairs. The Company has appointed local Boards for Wales and the West of England under the Chairmanship of Mr. A. T. Davies (58) and Mr. G. E. McWatters (49), respectively, who are the Vice-Chairmen of the Company. Mr. A. J. Gorard (44) has been Managing Director of the Company since October, 1967. Mr. L. J. W. Vaughan-Thomas (63) has been a Director of the Company since its incorporation and is an Executive Director. Mr. R. W. Wordley (43) joined the Company as Sales Controller in November, 1967 and was appointed Sales Director on 1st March, 1971. Mr. A. Vaughan (51) has been Programme Controller for Wales since November, 1967, and Mr. P. S. B. F. Dromgoole (41) has been Programme Controller for the West of England since November, 1968. Mr. W. J. Morgan (42) has been Programme Adviser since September, 1967. The approximate number of persons employed by the Company is 500.

Working Capital

The Directors of the Company are aatisfied tbat, after taking into account the recent call on tha Non-Voting Ordinary Share Capital, the uocallad Loan Capital and bank aod other facilities available, the Company has sufficient working capital for its present requirements.

Profits, Prospects and Dividends

The profits of £1,161,938 before taxation for the year to 31st July, 1971, shown in tha Accountants' Report, were affected by exceptional factors wben compared with earlier years.

Advertising revenue for the year was £464,000 in excess of that for the year to 31st July, 1970 aod the increase materially exceeded expectations. In addition the Exchequer Levy on advertising revenue was reduced with effect from 26th February, 1971, which resulted in a saving for the year ended 31st July, 1971 of £261,733. The reduction in levy would bave amounted to £509,073 bad it been in effect throughout the year. The increase in the annual rental payable to the I.T.A. announced at the same time did oot come into effect until 1st August, 1971; this rental, after including a further increase with effect from 1st October, 1971, will be £250,566 higher in the current year than in the year ended 31st July, 1971. The ITA are entitled to impose, in any year, increases in rental on 1st April and 1st October based on increases in the Index of Retail Prices. Programme budgets for the year to 31st July, 1971 were drawn up on the basis of a lower level of advertising revenue than that ultimately achieved and before the reduction in the Exchequer Levy, which could not be foreseen, was announced. It was impracticable for the increases in programme expenditure which the Directors then authorised to take full effect until after the end of the year to 31st July, 1971.

In accordance with the Directors' continuing policy to expand the range and scope of the Company's programmes, they have budgeted for a substantial increase in expenditure on programmes produced by the Company in the year ending 31st July, 1972; also as a result of the Company's increased advertising revenue in the year ended 31st July, 1971, the scale of charges payable by the Company to the major programming contractors for network programmes has been substantially increased for the year ending 31st July, 1972, compared with that for the previous year. These, together with other additional programme costs, are estimated to show a total increase compared with the year to 31st July, 1971, of not less than £500,000. In addition increases in other costs are expected.

To a great extent costs in the television industry are not directly related to advertising revenue, which is dependent to some extent on factors outside the control of the Company; any variation in advertising revenue can have a disproportionate effect on the profits of the Company. The Directors expect, however, that in the absence of unforeseen circumstances, advertising revenue for the current year will be higher than in the year ended on 31st July, 1971, but are not able, at this stage in the year, to forecast the amount of this increase. The Directors are therefore not prepared to forecast profits for the year to 31st July, 1972, which they expect to be lower than in the year ended 31st July, 1971. However, the Directors intend, in tha absence of unforeseen circumstances, to pay an interim dividend of 7½ per cent. in April 1972 and to recommend payment of a final dividend of not less than 12½ per cent. in November, 1972, making not less than 20 per cent. for the year.

Accountants' Report

The following is a copy of a report from the Company's auditors and reporting accountants, Messrs. Deloitte & Co., 7, Windsor Place, Cardiff, CF1 6PN:—

The Directors,
HTV Limited,
The Television Centre,
Cardiff CF1 9XL.

29th October, 1971.

Gentlemen,

1. We have examined the audited accounts of HTV Limited for the period from the incorporation of the company on 28th July, 1967 to 31st July, 1968 and for the three accounting years from 1st August, 1968 to 31st July, 1971, in respect of all of which periods we have been auditors of the company. The company was originally incorporated with the name Harlech Consortium Limited and the name was changed to Harlech Television Limited on 25th October, 1967, and to HTV Limited on 26th July, 1971.

A wholly owned subsidiary company named HTV Limited was incorporated on 6th August, 1970 with an authorised capital of £100 and an issued capital of £100. The name of this company was changed to Harlech Television Limited on 26th July, 1971. This company has not traded.

2. **Profits before Taxation**

The net advertising revenue, exchequer levy, miscellaneous revenue, depreciation charged in arriving at profits and the profits before taxation, arrived at on the basis stated in notes 1 to 3 below, were as follows:—

Year ended	(1) Net Advertising Revenue before levy £	(2) Exchequer levy £	(3) Net Advertising Revenue after levy £	(4) Miscellaneous Revenue £	(5) Depreciation £	(6) Profit before taxation £
31st July, 1968 (notes 1 and 3 (b))	2,737,908	528,735	2,209,173	63,363	67,675	563,140
31st July, 1969	6,346,664	1,227,231	5,119,433	91,372	177,511	437,072
31st July, 1970	5,159,252	1,278,902	4,880,350	120,136	256,628	387,810
31st July, 1971	6,623,273	759,273	5,864,000	163,578	350,273	1,161,938

Notes:

1. The first accounts of the company were made up for the period from 28th July, 1967 to 31st July, 1968. Revenue from advertising and exchequer levies related thereto arose from 4th March, 1968 when transmissions commenced.
2. Net advertising revenue before levy is gross advertising revenue received less discounts and commissions.
3. The profits before taxation shown in Column (6) above are stated:—
   (a) after charging all expenses of working and management including programme purchasing and production costs, I.T.A. rental, depreciation, directors' emoluments, interest payable and after making such adjustments as we considered appropriate;
   (b) before deducting from the profit for the period to 31st July, 1968 the payment to T.W.W. Limited of £500,000 for the assignment of its franchise for the period from 4th March, 1968 to 29th July, 1968, and £46,500 relating to ancillary matters connected therewith;
   (c) before writing off promotion and formation expenses of £99,288 in the period to 31st July, 1968;
   (d) after the valuation of all unexpired film rights, film and sound libraries, scenery and wardrobe equipment, stocks and work in progress, on consistent bases throughout the period except that a change in assessing residual value of unexpired film rights at 31st July, 1970 gave rise to a charge of £50,000 in arriving at the profits for the year ended on that date;
   (e) after deducting the initial cost of libraries and equipment written off as to £26,050 in the period to 31st July, 1968 and £10,200 written off in the year to 31st July, 1971; and
   (f) after charging emoluments of Directors. Emoluments for the year to 31st July, 1971 amounted to £50,585. Under arrangements now in force these amount to £56,500 per annum.

3. **Net Assets**

The net assets at 31st July, 1971 shown by the audited balance sheet at that date were as follows:—

	£	£
Fixed Assets (Note (a))		1,791,887
Investments at cost (Note (b)) (Directors' Valuation £35,400)		35,400
Current Assets		
Film rights, libraries and equipment (Note (c))	297,538	
Stocks (Note (d))	104,062	
Debtors and prepayments	935,695	
Short Term deposit	200,000	
Cash	11,257	
		1,548,552
		3,375,739
Current Liabilities		
Creditors and accruals	621,790	
Bills payable	45,250	
Income tax	11,522	
Bank overdraft (unsecured)	61,197	
Final dividend (proposed and paid)	69,000	
	808,759	
Corporation tax (Note (e))	723,471	
		1,532,230
		1,843,529
8 per cent. Unsecured Loan Stock 1969/74		712,632
Net Assets at 31st July, 1971		£1,130,897

Notes:

(a) Fixed Assets

	Cost £	Depreciation £	Net Book Value £
Freehold property	210,811	17,434	193,377
Leasehold—over 50 years unexpired	625,643	48,198	577,445
Leasehold—under 50 years unexpired	26,986	5,574	21,412
	863,440	71,206	792,234
Technical equipment	1,624,548	691,652	932,896
Office equipment	86,825	46,367	40,458
Motor vehicles	49,639	23,420	26,219
	£2,624,452	£832,645	£1,791,887

The cost of certain assets included above purchased from T.W.W. Limited prior to the commencement of operations was apportioned by Messrs. Gooch and Wagstaff, Chartered Surveyors, of 24/25, Ironmonger Lane, Bank, London, E.C.2, as under:—

Properties at cost	£
Freehold	204,000
Leasehold—over 50 years unexpired	210,000
Leasehold—under 50 years unexpired	10,000
	£424,000

Contracts placed and capital expenditure authorised but not yet contracted for as at 31st July, 1971, were:—

	£
Contracts placed	35,000
Expenditure authorised but not contracted	362,000
	£397,000

(b) Investments comprise:—

	At Cost £	Directors' Valuation £	Percentage of Equity
(a) Unquoted			
28,300 shares of £1 each fully paid in Independent Television News Limited	28,200	28,200	7.8%
7,100 shares of £1 each fully paid in Independent Television Publications Limited	7,100	7,100	7.1%
	£35,300	£35,300	
(b) Subsidiary Company			
100 shares of £1 each fully paid in Harlech Television Limited	100	100	100.0%
	£35,400	£35,400	

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Paul Mellon top owner in flat racing season

BY MICHAEL THOMPSON-NOEL

R. PAUL MELLON, wealthy Virginian patron of the arts and the turf, was top owner of the English flat racing season which ended on Saturday, with stakes winnings of £138,786. He also won the £100,000 Prix de l'Arc de Triomphe in France with his English Derby winner, Mill Reef.

The second most successful owner this summer was Mr. David Robinson, who won 106 races and £97,983. He was followed by Mrs. John Hislop (£79,241) and Colonel F. R. Hue-Williams (£58,055).

Mr. Mellon was also top breeder for the 1971 season (16 wins, £133,862), followed by Mr. John Hislop (seven wins, £79,241) and Col. Hue-Williams (17 wins, £79,294). Mr. Hislop, who bred Brigadier Gerard, turned down a foreign offer of £25,000 for the horse last winter. It subsequently won the 2,000 Guineas and remains undefeated. Experts put its current value at around £1m.

Both Brigadier Gerard and Mill Reef will remain in training as four-year-olds. Mill Reef, already a European record stakes winner, is to be aimed for a second Prix de l'Arc de Triomphe success. His 1972 earning potential is thus in the region of £250,000 and his current value somewhere in the region of £2.5m. He has now usurped Nijinsky as the most valuable horse in history.

Big spender

Lady Beaverbrook's heavy expenditure on bloodstock in recent years has yet to be reflected in stakes winnings. She finished 11th in the owners' lists, winning £4,227, which is less than a third of what she paid for just one yearling at the recent Houghton Sales.

Top trainer for 1971 was Ian Balding, Mill Reef's trainer (45 wins, £157,488), followed by Noel Murless (63 wins, £154,457) and Major Dick Hern (57 wins, £141,531).

Lester Piggott was again champion jockey, winning 162 races worth £243,132. He was followed by Willie Carson (145 winners) and Geoff Lewis, rider of Mill Reef, (119).

Lewis won his employers a European stakes total of £463,000. His own basic earnings, therefore, were £50,000-plus.

Stud plans

On retirement, Mill Reef's eventual destination as a stallion will undoubtedly be Mr. Mellon's Virginia stud. But European bloodstock specialists are anxiously waiting to see whether Mill Reef is allowed an initial season or two at stud on this side of the Atlantic.

Twice this summer Mr. Mellon told me that he agreed "in principle" to the idea. "It's a long way off," he said at Ascot, "but, yes, in principle I can see no objection."

MR. FRANK TAYLOR

Mr. Frank Taylor, Conservative MP for Moss Side, voted in favour of British entry into the Common Market last week, as reported in the later editions of the Financial Times on Friday. But inadvertently, in an earlier edition, it was reported he voted against entry.

ECGD CHANGE OF ADDRESS

With effect from to-day the address of the South London office of the Export Credits Guarantee Department will be: First Floor, Lancaster House, 70, Newington Causeway, S.E.1.

MONTHLY AVERAGES OF STOCK INDICES

—	Oct.	Sept.	Aug.	July
F.T. Actuaries				
Ind. Grp.	180.89	174.34	166.90	163.69
500-Share	185.50	182.04	172.11	179.96
All-Share (604)	180.73	184.92	172.33	176.04
20-year Govt.	86.06	83.06	79.04	78.27
Red. Debs.	79.22	76.47	72.54	72.09
Financial Times				
Govmnt Secs.	78.13	77.63	74.99	74.76
Fixed Interest	78.92	77.24	74.45	74.11
Industrial Ord	412.4	422.8	405.3	399.3
Gold Mines	46.3	49.7	66.4	63.7
Dealings mkd.	12,305	11,871	11,243	12,917

Oct.	High	Low
Industrial Ord.	422.3 (7th)	402.6 (26th)
All-Share	184.20 (13th)	176.13 (25th)

Public Works Loan Board rate

(Effective time October 23)

Years.	Quota loans Repaid By instalment	Quota loans Repaid At maturity	Non-quota loans Repaid By instalment	Non-quota loans Repaid At maturity
Up to 5	5¾	6¼	6¼	7¼
Over 5, up to 10	6¼	7¼	7¼	8¼
Over 10, up to 15	6¾	7¾	7¾	8¼
Over 15, up to 25	7¾	8¾	8¼	8¾
Over 25	8	8¾	8¾	9

APPOINTMENTS

G. H. Dees on Board of Keyser Ullmann

Mr. Geoffrey H. Dees, managing director of Capital Life Assurance Society and Key Fund Managers, has been appointed a director of KEYSER ULLMANN, merchant bankers. Mr. Dees has been responsible for the bank's developments into life insurance and mutual funds.

Mr. Geoffrey H. Dees

★

Mr. Barry McFadzean is resigning as an assistant director of Morgan Grenfell and Co. to join BROWN SHIPLEY AND CO. as a manager on January 1.

★

Mr. L. Harvey Davis has been appointed vice-president and manager of the new London branch of the BANK OF CALIFORNIA. He was formerly vice-president European area executive with the bank in San Francisco.

Mr. Douglas J. Kent, previously with Williams and Glyn's Bank, has been appointed a vice-president of the Bank of California.

★

HEPWORTH CERAMIC HOLDINGS has appointed Mr. Peter Goodall group managing director and Mr. H. R. Taylor deputy chairman.

★

Mr. R. A. Sawtell has left the Board of the DE LA RUE COMPANY to devote the whole of his time to MANAGEMENT ANALYSIS AND PLANNING of which he is an executive director.

★

Mr. John Farleigh has been appointed managing director of BRAND PACKAGING, a member of the Melbray Group.

★

Mr. John Dick has been appointed to the Board as chairman, and Mr. F. C. Saville has been made a director of K. BRODY. Both are directors of Arbuthnot Latham which recently acquired the company.

★

Mr. Sidney F. Cox is to become managing director of J. A. EWING AND CO. (LONDON) in place of Mr. A. J. Stonely who is retiring at the end of November after 44 years with the company.

★

Mr. R. L. de Chazal has retired from the Board of RECKITT AND COLMAN.

★

Mr. B. Lund has been appointed finance director of S. Maw and Sons, a member of the Norcros Group.

★

Mr. F. S. Taylor, secretary of the INSTITUTE OF BANKERS IN SCOTLAND since 1947 has retired and has been succeeded by Mr. James W. Lacey.

★

Mr. Brian Peters has left Hill Samuel to join ROYNTON as assistant to the chairman, Mr. Geoffrey Morley. His special responsibility will be the investment management of institutional funds. Mr. Peters was a director of Hill Samuel Securities.

★

Sir Maurice Dorman, the recently retired Governor General of Malta, has accepted an invitation by Lord Robens to join the Board of MLH CONSULTANTS. This is a company established by Lord Robens, Mr. David Montagu and Mr. Edward du Cann from the management team of the Prices and Incomes Board.

★

Mr. R. J. Mullineaux has been appointed director of group finance and control of the COSTAIN GROUP. He succeeds Mr. J. B. Parrett, who is to retire shortly after 35 years with the group.

★

Mr. James D. D. Shaw has joined the Board of ROWAN AND BODEN.

★

STOCK EXCHANGE PARTNERSHIPS

Mr. J. C. Seymour and Mr. G. M. Homes have become partners in SHEPPARDS AND CHASE, stockbrokers.

★

Mr. J. R. Close-Brooks and Mr. John Hine have joined the partnership of S. R. SCOTT STRATTEN AND CO., stockbrokers.

★

Mr. J. M. C. Stracey has been appointed assistant vice president and deputy manager, London branch, of the CITY NATIONAL BANK OF DETROIT. He was formerly on the staff of the Bank of America, N.T. and S.A., London.

★

Mr. John Bolton has been appointed a director of JOHNSON WAX. He is chairman and managing director of Growth Capital and chairman of a number of other companies.

Elinor Goodman visits one of the country's most competitive shopping areas and describes the . . .

Selling tactics of the bargain food store

Anyone wanting to see in microcosm what competitive grocery marketing is really like, or to find out what it feels like to be one of Britain's most hotly fought-over shoppers, should take a trip to Middleton in Lancashire.

There, about four miles outside Manchester, in an area already well served by the multiple grocery chains, three of the largest groups—Tesco, F. W. Woolworths Woolco chain and the Co-op have all put up vast "superstores" under the one glossy roof of the newly-opened Arndale shopping centre. All three have extensive non-food departments as well, selling everything from underwear to electric equipment, but because of the food department's function of attracting people regularly into the store, it is there that competition becomes most overtly aggressive.

Development

Within a month yet another food group, Mac Fisheries, is joining the Arndale fray with a new shop trading under the Mac Market name which is to be used for all food shops opened in future by the group. Obviously the catchment area for the Arndale development is more than just Middleton itself, yet only six miles away one of Associated Dairies' giant cut-price Asda-queen store is operating in a converted mill at Castleton, while earlier this month Kwik-Save, the North Wales-based discount food group, which claims to be Britain's lowest-priced supermarket, opened its doors a mile up the road towards Rochdale.

Given the natural law of competition, the area should offer the housewife some of the cheapest food in the country—and indeed the winners of the struggle going on over her head seem to be the shopper herself and the local newspaper, in whose pages the battle is partly fought.

Claims and counter-claims on the housewife's attention abound. At Kwik-Save, among the cardboard boxes and the naked light fittings, she is being offered a week's free groceries if she can find permanently lower prices elsewhere. At Asda, too, the emphasis is on permanently reduced prices rather than special offers, though neither the prices nor the fitments are quite as drastically pruned as they are at Kwik-Save.

In the very much more luxurious atmosphere of the Arndale development, where wide aisles and streamlined shelves take the place of cardboard boxes, all three big stores adopt the traditional supermarket policy of cutting prices of fast-selling lines like tea and baked beans, while selling the majority at, or a little below, the manufacturers' recommended price. Interestingly, there is hardly a free gift in sight.

Not surprisingly, then, if a Middleton housewife had been prepared to do her homework before buying anything, she could have made substantial savings on her bills for branded goods last week. If she had gone from shop to shop and in each case paid the lowest price, she would have saved at least 20 per cent. on the 15 brands selected from the Financial Times grocery price index.

Compared to prices outside this competitive area; or even at some of the smaller shops trying to survive in Middleton High Street, the saving would have been even more impressive. One of our grocery price index researchers normally shopping in the South, would have been able to make economies of nearer 25 per cent. And for a housewife unlucky enough normally to have to pay the manufacturers' recommended retail prices, the saving would have been around 35 per cent. On the other hand, one of the FT researchers who usually shops in a big supermarket in Cardiff would have found the saving across the board minimal—around 3 per cent.

In some categories the difference between the five supermarkets in the Middleton area might hardly have seemed worth the walk for anything but bulk buyers. The variation in the price of St. Ivel Golden Meadow butter was only ½p—13½p per pound at Woolco and 14 at the other shops which stocked it.

But within the Middleton/Rochdale complex itself there were some dramatic variations. The largest were to be found in categories like coffee—currently the subject of a manufacturers' price war—where Kwik-Save was selling a four-oz jar of Nescafe for 23½p, compared to Woolco's 28p. Both stores, however, were well under the recommended price of 35p.

	Tesco	Co-op	Woolco	Asda	Kwik-Save
BUTTER ½lb					
Golden Meadow St Ivel	14p	14p	13½p	14p	n.a.
STORK ½lb	6	5	6	5½	5
YOGURT					
Ski	7	6½	6	5	n.a.
SUGAR 1lb cube	7½	7½	6	6½	n.a.
COFFEE 4oz					
Nescafe	26	27½	28	24½	23½
TEA ¼lb					
P G Tips	7½	7½	7½	7½	6½
BREAD, giant					
National brand	9½	7½	7½	9	n.a.
FLOUR 3lb					
Homepride	12	11½	10½	10½	9½
CORNFLAKES, giant					
Kelloggs	13	11	11	11½	10
CREAM CRACKERS					
Jacobs	5	6	5½	5	5
TOMATO KETCHUP					
Heinz	11	11	10½	11	n.a.
BAKED BEANS					
Heinz	7½	6	6½	6½	n.a.
SOUP					
Tomato Heinz	6	7	6	6½	n.a.
PERSIL, giant	20	18	16	17	17
FAIRY LIQUID, giant	16½	16	16	15½	14

At Kwik-Save many of the brand leaders featured were not stocked, but cheaper alternatives were usually available.

Obviously to draw any long-term price comparisons on the basis of one day's shopping would be invidious. Prices change day by day. One day, for instance, Woolco and the Co-op were both selling giant loaves at 7½p as a special offer. Tesco had a price of 9½p. When asked next day about this 2p difference, the Tesco manager said it had been a mistake and that the checkout girls knew that the price should really be 7½p. The following day the price was clearly marked as 7½p.

Equally important, of course, to some extent the standard of the fitments and the range of choice are reflected in the prices of the goods. In the Arndale complex, where conditions for the shopper are uniformly luxurious, the prices right across the board on all products stocked probably shows less than a 5 per cent. variation. Even taking a sample of the 15 brand leaders chosen from the FT index the difference between the cheapest bill, at Woolco, and the most expensive, at Tesco, was only 11 per cent. At Woolco the bill came to £1.56½, and at Tesco it was £1.75 with stamps, while at the Co-op it was £1.62. And these are all items which are traditionally highly competitive in their pricing.

The difference between the bills at the Arndale centre and Asda in its converted mill is, at first sight, not very striking. The total at Asda was £1.55½ as against Woolco's £1.56½. On the other hand, Asda's policy is to cut all lines right across the board by at least 10 per cent., not just the loss leaders, and most of the housewives I spoke to thought that Asda was carrying out this policy at Rochdale. At Kwik-Save, prices were noticeably lower on the brands that could be compared with other shops. But, as prices go down, so does the amount of choice.

The atmosphere at Kwik-Save was certainly pretty frugal. The butter is sold, not from a refrigerated cabinet, but from stacks lying against a wall, and most of the tins are sold straight out of cardboard boxes piled high into the air. But, as one of the shoppers pointed out, "you certainly feel you are getting a bargain." She, like many of the other shoppers at Kwik-Save that day, was an old age pensioner who had travelled some distance to visit the newly opened discount centre.

Distrustful

Encouragingly, from the consumer associations' point of view, the housewives in the area really do seem to shop around. Several women I spoke to at the Arndale centre were very knowledgeable about the comparative prices. At Kwik-Save, still in its first month of operation, most people seemed a little distrustful of the rock-bottom prices; several were trying to understand the date-stamping code in an attempt to find out how fresh the food was.

But all the women I talked to had come, rightly, to the conclusion that if they were really going to get the best out of this competitive grocery market situation they had to shop at more than one supermarket. As one said: "This week you buy your flour at Woolco, and your baked beans at the Co-op. Next week it might be quite different. All that's certain is that if you are going to find a bargain, you've got to work at it."

A copy of this Prospectus, having attached thereto the documents specified below, has been delivered to the Registrar of Companies in London for registration.
Application has been made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for the £20,000,000 8½ per cent. Unsecured Loan Stock 1978/80 of Grand Metropolitan Hotels Limited now being issued.
The Application Lists will open at 10 a.m. on Thursday, 4th November, 1971 and will be closed at any time thereafter on the same day.

Grand Metropolitan Hotels

Limited

(Incorporated under the Companies Act, 1929)

Share Capital

Authorised £		Issued and fully paid £
500,000	in 7½ per cent. Redeemable Cumulative Preference Shares of £1	500,000
1,217,250	in 4½ per cent. Cumulative Preference Shares of £1	1,109,686
72,565,420	in Ordinary Shares of 50p	48,245,101
10,717,330	in 'B' Ordinary Shares of 50p	10,717,330
85,000,000		60,572,117

Loan Capital

Created £		Issued or now being issued £
2,750,000	7 per cent. First Mortgage Debenture Stock 1982/87	2,277,764
1,500,000	7½ per cent. First Mortgage Debenture Stock 1986/91	1,458,000
6,024,000	9½ per cent. U.S. Dollar Bonds 1986	6,024,000
3,900,000	9½ per cent. Unsecured Loan Stock 1977/79	2,839,402
1,000,000	8½ per cent. Unsecured Loan Stock 1985/90	1,000,000
2,000,000	7½ per cent. Unsecured Loan Stock 1992/97	2,000,000
20,000,000	8½ per cent. Unsecured Loan Stock 1978/80 *(now being issued)*	20,000,000
37,174,000		35,599,166
30,525,431	10 per cent. Convertible Unsecured Loan Stock 1991/96	30,372,138
67,699,431		65,971,304

In addition to the above loan capital of Grand Metropolitan Hotels Limited ("the Company"), subsidiary companies have outstanding £27,136,000 of loan capital, including fixed loans.

The Company and its subsidiaries have secured and unsecured bank and other borrowings which, at 4th October, 1971, amounted to £156,000 and £34,217,000 respectively. The Company has guaranteed the borrowings of associated companies up to a maximum aggregate amount of £1,594,000. Save as mentioned herein and apart from inter-company transactions, neither the Company nor any of its subsidiaries has outstanding any loan capital, mortgages, debentures, bank overdrafts or other similar indebtedness, charges or, except in the ordinary course of trading, any material guarantees, hire-purchase commitments or other contingent liabilities.

For the purposes of the above, conversions into sterling have been made at the exchange rates ruling at 4th October, 1971.

It is the Company's intention to apply the provisions of Section 209 of the Companies Act, 1948 in order to acquire compulsorily the outstanding Ordinary Shares and 4 per cent. Preference Stock of Truman Hanbury Buxton & Company, Limited ("Truman") for which offers were made on 27th August, 1971 and 28th July, 1971 respectively. The acquisition of the outstanding 4 per cent. Preference Stock and Ordinary Shares of Truman would require the issue by the Company of (i) 107,564 4½ per cent. Cumulative Preference Shares (ii) 141,191 Ordinary Shares (iii) £153,283 of 10 per cent. Convertible Unsecured Loan Stock 1991/96 (iv) 64,545 Warrants to subscribe for Ordinary Shares and (v) £225,906 of 9½ per cent. Unsecured Loan Stock 1977/79, or the payment of £225,906 in cash.

Issue of £20,000,000 8½ per cent. Unsecured Loan Stock 1978/80 at £99 per cent.

Payable as follows:

On Application	at the rate of £10 per £100 of Stock applied for
On or before 14th January, 1972	at the rate of £40 per £100 of Stock allotted
On or before 29th March, 1972	at the rate of £49 per £100 of Stock allotted
	£99

S. G. Warburg & Co.

Limited

have underwritten the issue under the Agreement referred to in General Information below.

The first payment of interest on the Stock, amounting to £3·20 (less income tax) per £100 nominal of Stock, will be made on 30th June, 1972. The second payment of interest amounting to £2·12 (less income tax) per £100 nominal of Stock will be made on 30th September, 1972. Thereafter interest will be payable by equal half-yearly instalments on 31st March and 30th September in each year.

Directors

Maxwell Joseph (*Chairman*), 55, Grosvenor Street, London, W1X 9DB,
Alan Brand Fairley (*Deputy Chairman*),
15, Grove End Road, St. John's Wood, London, NW8 9SO.
Stanley Gordon Grinstead, F.C.A. (*Joint Managing*).
Longmead, Halfpenny Lane, St. Martha's, Guildford, Surrey.
Ernest Henry Sharp, F.C.A. (*Joint Managing*), 29, Hall Lane, Upminster, Essex.
Eric Bernard, 74, Ebury Street, London, SW1W 9QD.
Frank Berni, Rockmount, Gorey, Jersey, C.I.
Fred Kobler, 30, Roebuck House, Palace Street, London, SW1E 5BA.
John Edward Liley, Westington Mill, Chipping Campden, Gloucestershire.
Samuel Moss Messer, F.R.I.C.S., Palsham, Peasmarsh, Rye, Sussex.
Victor Mishcon, D.L., 125, High Holborn, London, WC1V 6QA.
Eric Douglas Morley, 1, Woodhall Avenue, College Road, London, SE21 7HL.
Eric Kirkby Roberts, Frithcote, Watford Road, Northwood, Middlesex.
Derek Albert Joseph Taylor, 4, Rowan Walk, London, N2 0QJ.
Eric Edward Williamson, M.A., 5, Swancombe, Clapton-in-Gordano, Nr. Bristol.

Principal Bankers

Barclays Bank Limited, Lloyds Bank Limited, Midland Bank Limited, National Westminster Bank Limited and The Royal Bank of Scotland Limited.

Trustees

Alliance Assurance Company Limited, 1, Bartholomew Lane, London, EC2N 2AB.

Receiving Bankers to the Issue

Barclays Bank Trust Company Limited, New Issues Division, P.O. Box 78, Malvern House, 72, Upper Thames Street, London, EC4P 4BJ.

Solicitors

To the Company and S. G. Warburg & Co. Limited:
Slaughter and May, 35, Basinghall Street, London, EC2V 5DB.
To the Trustees:
Linklaters & Paines, Barrington House, 59-67, Gresham Street, London, EC2V 7JA.

Auditors

Thomson McLintock & Co. (*Chartered Accountants*), 33, King William Street, London, EC4R 9EE.

Brokers

Panmure Gordon & Co., 21, Austin Friars, London, EC2N 2ES, and The Stock Exchange, London.

Joint Secretaries and Registered Office

Dennis John Dickinson, F.C.A. and Norman Alfred Fowler, F.C.A., Grand Metropolitan House, 7-8, Stratford Place, London, W1N 0AJ.

Registrars and Transfer Office

Barclays Bank Trust Company Limited, Registration Division, P.O. Box 47, Clements House, Gresham Street, London, EC2P 2AT.

Copies of this Prospectus and of the Application Form may be obtained from:—

S. G. Warburg & Co. Limited, 30, Gresham Street, London, EC2P 2EB;
Panmure Gordon & Co., 21, Austin Friars, London, EC2N 2ES; and
Barclays Bank Trust Company Limited, New Issues Division, P.O. Box 78, Malvern House, 72, Upper Thames Street, London, EC4P 4BJ and from principal branches of Barclays Bank Limited.

Procedure for Application. Applications, which must be made on the Application Forms provided, must be for a minimum of £100 of the Stock or multiples thereof up to and including £1,000 of the Stock; applications for more than £1,000 of the Stock up to and including £5,000 of the Stock must be in multiples of £500; applications for more than £5,000 of the Stock up to and including £10,000 of the Stock must be in multiples of £1,000; and applications for more than £10,000 of the Stock must be in multiples of £5,000.

Applications made by persons holding any share capital or loan capital of the Company, who were registered as holders (with addresses in the United Kingdom or the Republic of Ireland) on 11th October, 1971 will, if made on the pink forms made available to them, receive preferential consideration in respect of up to 50 per cent. of the issue.

Each application must be accompanied by a separate remittance for the full amount payable on application, namely £10 per cent., and must be forwarded to Barclays Bank Trust Company Limited, New Issues Division, P.O. Box 78, Malvern House, 72, Upper Thames Street, London, EC4P 4BJ. Cheques must be drawn on a bank or a branch thereof in England, Scotland or Wales and must be made payable to Barclays Bank Trust Company Limited and crossed "Not Negotiable". All cheques are liable to be presented for payment. If no allotment is made, or if less than the amount applied for is allotted, the amount paid on application or the balance thereof will be returned in full by cheque sent by post at the risk of the applicant.

Payment of instalments may be made at any time before the due dates but no discount or interest will be allowed on such prepayment. Failure to pay any amount when due will render the allotment liable to cancellation and any amount previously paid in respect thereof liable to forfeiture. Interest at the rate of 9½ per cent. per annum may be charged on any instalment if accepted after its due date.

Allotment Letters will be renounceable up to and including 28th April, 1972. After that date they will not be accepted for registration of renunciation and the Stock will on that date be registered in the name(s) of the original allottee(s) and thereafter will be transferable only by transfer subject to stamp duty.

Acceptance of applications (including underwriting applications) will be conditional upon the Council of The Stock Exchange, London, granting permission to deal in and for quotation for the Stock not later than Tuesday, 9th November, 1971. Moneys paid in respect of applications will be returned if such permission and quotation are not granted by that date and, in the meantime, will be retained in a separate account by Barclays Bank Trust Company Limited.

HISTORY AND DEVELOPMENT OF THE BUSINESS

The Company was incorporated in England in 1934 and became a public company under the name of Mount Royal Limited in 1961. It changed its name to Grand Metropolitan Hotels Limited in July, 1962 following a series of mergers and acquisitions earlier in that year. In recent years the Company has made several major acquisitions of companies engaged in service industries.

The principal activity of the Company and its subsidiaries ("the Group") is the ownership and operation of high and medium class hotels and licensed and unlicensed catering. The Company currently operates 27 hotels in the United Kingdom, of which 21 are situated in London. In addition, it has a significant chain of hotels abroad in principal cities in Europe and in the U.S.A.

In September, 1969 the Company acquired Express Dairy Company, Limited ("Express Dairy"), which is one of the two largest companies in the United Kingdom dairy industry. Express Dairy, which sold approximately 180 million gallons of milk in the year ended 30th September, 1971, also produces milk products such as cheese, cream, butter and yogurt and owns some 150 dairy/grocery shops.

In 1970 the Company extended its catering and entertainment interests by acquiring Berni Inns Limited ("Berni"), which has been to the forefront in the development and popularisation of licensed steak bars, and Mecca Limited ("Mecca") which, in addition to its extensive interests in the field of public entertainment, operates a number of important banqueting rooms and restaurants. The catering sector of the Group now comprises the Mecca banqueting rooms and restaurants, more than 250 public and speciality houses and hotels under the Berni Inns and Chef and Brewer signs, some 90 restaurants in the Empire Catering group, and the Express Dairy teashops and Chicken Inn restaurants. The Company's industrial catering subsidiaries supply meals to over 800 canteens, staff restaurants, clubs and schools.

Mecca's interests in the field of public entertainment include the operation of dance halls, bingo halls, chains of betting shops and gaming clubs.

More recently, in August, 1971, the Company acquired control of Truman, which owns a brewery in London and approximately 1,100 public houses, most of which are situated in the South-East of England. A subsidiary of Truman retails wines and spirits through some 90 off-licences.

Future Prospects

The benefits from the rationalisation and integration of the subsidiaries acquired by the Company during the last two years have still to be fully realised and the Directors believe that the prospects for continued growth and increased profitability remain excellent.

Proceeds of the Issue and Working Capital

The net proceeds of the issue are estimated to amount to £19,275,000 and will be applied in reducing bank overdrafts in the United Kingdom.

Taking into account the proceeds of the issue and the bank overdraft and other facilities available to the Group, the Directors are satisfied that the Group has adequate working capital for present requirements.

Net Assets

The pro-forma statement for the Group and Truman set out in the Auditors' Report, based on the consolidated balance sheet of the Company as at 30th September, 1970 and on the consolidated balance sheet of Truman as at 31st March, 1971, after adjusting for the acquisition of the whole of the issued share capital of Truman and the issue in December, 1970 of U.S. $15 million 9½ per cent. Bonds 1988, shows total net assets, before deducting loan capital and minority interests but excluding the excess cost of shares in subsidiaries over the book value of their net tangible assets, of £120,996,000. Adding the estimated net proceeds of the Stock now being issued (£19,275,000) gives a total of £140,271,000. The loan capital of the Group, including the Stock now being issued, amounts to £93,107,000.

Profits

The Directors have re-examined the profit estimate of approximately £19 million for the year ended 30th September, 1971 made on 28th July, 1971 in connection with the offers for Truman and confirm that the consolidated profits of the Group (excluding Truman) after deducting interest and all other charges, but before deducting tax and amounts attributable to minority interests, will be approximately £19 million. This compares with £14,857,000 for the year ended 30th September, 1970.

Based on the above estimated profit of £19 million, which was arrived at after charging £4,369,000 of interest on loan capital, and on the consolidated profit of Truman for the year ended 31st March, 1971, the combined profits of the Group (including Truman), after adjusting for interest on bank overdrafts incurred on the acquisition of Truman and not to be repaid out of the proceeds of the issue, but before loan interest and tax would be approximately £26,316,000. The annual gross interest payable on the loan capital of the Group (including Truman) at present in issue, added to the annual gross interest of £1,700,000 payable on the Stock now being issued, gives a total of £7,834,000.

PARTICULARS OF THE STOCK

The 8½ per cent. Unsecured Loan Stock 1978/80 ("the Stock") was created by a Resolution of the Board of Directors of the Company passed on 29th October, 1971 and will be constituted by a Trust Deed in favour of Alliance Assurance Company Limited as Trustees. The Trust Deed will contain provisions (*inter alia*) to the following effect:—

1. Interest

The Stock will carry interest at the rate of 8½ per cent. per annum. The first payment of interest (calculated from 4th November, 1971) will be made on 30th June, 1972 and will amount to £3·20 (less income tax) per £100 nominal amount of the Stock. The second payment of interest will be made on 30th September, 1972 and will amount to £2·12 (less income tax) per £100 nominal amount of the Stock. Thereafter interest will be payable by equal half-yearly instalments on 31st March and 30th September in each year.

2. Redemption and Purchase

(a) The Company will be entitled on or at any time after 31st March, 1978 to redeem the whole or any part (to be selected by drawings) of the Stock for the time being outstanding at par, together with accrued interest, upon giving not less than three months' notice in writing.

(b) All Stock not previously redeemed or purchased will be repaid at par, together with accrued interest, on 31st March, 1980.

(c) The Company may at any time purchase Stock either on any recognised Stock Exchange or by tender available to all Stockholders alike at any price or by private treaty at a price not exceeding £110 per cent. (inclusive of accrued interest but exclusive of all costs of purchase) but not otherwise.

(d) All Stock redeemed or purchased in accordance with any of the foregoing provisions shall be cancelled and shall not be re-issued.

3. Restriction on Borrowing

(a) The aggregate principal amount (including any fixed or minimum premium payable on final repayment) at any one time outstanding in respect of all amounts borrowed (whether secured or not) by the Company and/or any of the United Kingdom subsidiaries (exclusive of borrowings by the Company from a United Kingdom subsidiary or by any United Kingdom subsidiary from another or from the Company) shall not without the sanction of an Extraordinary Resolution of the Stockholders exceed an amount equal to twice the share capital and consolidated reserves.

(b) For the purposes hereof:—

(i) Amounts borrowed shall be deemed to include the following and any fixed or minimum premium payable on final repayment thereof, except in so far as otherwise taken into account:—

(A) the principal amount for the time being outstanding in respect of any debenture as defined in Section 455 of the Companies Act, 1948;

(B) the outstanding amount of acceptances by any bank or accepting house under any acceptance credit opened on behalf of and in favour of the Company or any United Kingdom subsidiary;

(C) share capital and borrowed money the repayment of which is guaranteed or secured by the Company or any United Kingdom subsidiary; and

(D) any paid-up share capital of a United Kingdom subsidiary (other than equity share capital) not for the time being beneficially owned by the Company or another United Kingdom subsidiary.

(ii) Amounts borrowed shall not include and shall be deemed not to include:—

(A) a proportion of the borrowings of any partly-owned United Kingdom subsidiary (but only to the extent that an amount equivalent to such proportion exceeds sums borrowed, if any, from such partly-owned United Kingdom subsidiary by the Company or another United Kingdom subsidiary), such proportion being that which the issued Ordinary Share capital which is not for the time being beneficially owned directly or indirectly by the Company bears to the whole of the issued Ordinary Share capital of such partly-owned United Kingdom subsidiary;

(B) amounts borrowed and falling to be taken into account pursuant to sub-paragraph *(a)* of this paragraph for the purpose of repaying within four months thereof the whole or any part of other such amounts borrowed by the Company or any of the United Kingdom subsidiaries pending their application for such purpose within such period.

(iii) Any company which it is proposed shall become or cease to be a United Kingdom subsidiary contemporaneously with any relevant transactions shall be treated as if it had already become or ceased to be a United Kingdom subsidiary.

(iv) The Company shall not be in breach of the limit contained in sub-paragraph *(a)* of this paragraph by reason only of such limit being exceeded because of changes in exchange rates affecting amounts borrowed and outstanding in any currency other than sterling.

(c) For the purposes hereof:—

(i) The expression "United Kingdom subsidiary" means a subsidiary (as defined by the Companies Act, 1948) for the time being of the Company incorporated in the United Kingdom substantially the whole of whose assets are situated and substantially the whole of whose business is carried on in the United Kingdom and which is not a subsidiary of a company incorporated outside the United Kingdom.

(ii) The expression "share capital and consolidated reserves" means the aggregate as certified by the Company's Auditors ("the Auditors") of:—

(A) the amount paid up or credited as paid up on the issued share capital of the Company; and

(B) the amounts standing to the credit of the capital and revenue reserves of the Company and the United Kingdom subsidiaries including share premium account and capital redemption reserve fund and plus or minus (as the case may be) the credit or debit balance on profit and loss account;

all as shown in a consolidation of the then latest audited balance sheets of the Company and the United Kingdom subsidiaries but after:—

(C) adjusting for any variation in such share capital and capital reserves since the date of the latest relevant audited balance sheet (for which purpose an issue of share capital which has been underwritten shall be deemed paid up to the extent that such capital is payable within four months from the date on which such underwriting became unconditional);

(D) deducting therefrom any amount distributed or proposed to be distributed (except to the extent that such distribution is attributable to the Company) out of profits included therein but not provided for in such consolidation;

(E) excluding therefrom amounts attributable to minority interests in United Kingdom subsidiaries and all interests in subsidiaries other than United Kingdom subsidiaries, amounts set aside for taxation and amounts attributable to goodwill (other than goodwill arising only on consolidation) and any other intangible asset;

(F) adjusting in such other respects (if any) as the Auditors consider appropriate.

4. Other Restrictions

(a) So long as any of the Stock remains outstanding the Company shall not and shall procure that none of its United Kingdom subsidiaries shall sell transfer lend or otherwise dispose of (except in the case of the Company to a United Kingdom subsidiary or in the case of a United Kingdom subsidiary to the Company or to another United Kingdom subsidiary or to a subsidiary other than a United Kingdom subsidiary provided that the limit imposed by paragraph 3 *(a)* above will not be exceeded immediately thereafter) whether by a single transaction or a number of transactions related or not the whole or any part (being in either case in the aggregate substantial in relation to the Company and its United Kingdom subsidiaries as a whole) of its undertaking or (except in the ordinary course of trading) of its assets provided that:—

(i) The Trustees may at any time without any consent or sanction of the Stockholders but only if and in so far as in the opinion of the Trustees the interests of the Stockholders will not be materially prejudiced thereby:—

(A) consent to an intended sale transfer loan or disposal on such terms and subject to such conditions as the Trustees may in their discretion think fit; or

(B) determine that any sales transfers loans or disposals made or intended to be made in any year or other period shall not be taken into account for the purposes of this paragraph.

(ii) For the purposes of the foregoing provisions of this paragraph none of the following shall be deemed to be a sale transfer loan or disposal:—

(A) the exchange of assets for assets of a similar nature and tenure and of approximately equal value;

(B) the sale of assets for cash and the application within a period of one year or such longer period as the Trustees may agree of a sum approximately equal to the net proceeds of sale (after taking into account any taxation arising as a consequence of such sale except in so far as this would result in such sum being less by more than the expenses of sale than the book value at 30th September, 1968 of the assets being sold) in the acquisition of assets of a similar nature or immovable property whether or not to be employed in the same type of business provided that in the case of a sale of immovable property the net proceeds of sale are reinvested in the acquisition of immovable property of a similar nature and tenure;

(C) the payment of cash howsoever acquired (other than the proceeds of sale falling within sub-paragraph (B) hereof) by the Company or any of its United Kingdom subsidiaries as consideration or part consideration for the acquisition (whether by way of subscription purchase loan or otherwise) of any undertaking or business or part of any undertaking or business or any assets;

(D) the application of the proceeds of an issue of share or loan capital for the purpose for which such issue is intended;

(E) the temporary application of funds not immediately required for the purposes of the business of the Company or any of its United Kingdom subsidiaries in the purchase of investments and the subsequent sale thereof;

(F) the distribution in a winding up of a United Kingdom subsidiary of any of its assets to minority shareholders in accordance with their rights; and

(G) the repayment of any loan.

(b) Except with the consent of the Trustees, the Company shall not and shall procure that its United Kingdom subsidiaries shall not take any action which would result in the business of the Company and its United Kingdom subsidiaries being carried on to a substantial extent in industries other than the hotel industry, the catering and entertainment industry, the dairy industry and the brewing industry or any of them provided that for the purposes of this sub-paragraph any trade in a field allied to or associated with any of these industries shall be deemed to be such industry respectively.

5. Repayment of Preference Capital

The Company will be entitled provided that the limit imposed by sub-paragraph 3 *(a)* above is not thereby exceeded to reduce its capital by the repayment in cash or by the cancellation for other consideration of the whole or any part of (i) its existing Preference capital or (ii) any other Preference capital issued for full consideration in money or money's worth and in such event the Trustees shall give any necessary consent to such reduction and such consent shall be binding on all Stockholders.

6. Further Stock

Subject to the terms hereof the Company will retain the right to issue further unsecured loan stock of the Company either so as to be identical in all respects with and to form a single issue with the Stock (in which case the further issue will be constituted by a supplemental trust deed) or on such terms, including rights as to interest, repayment and otherwise, as the Directors may determine.

7. Transfer

The Stock will be registered and transferable in amounts and multiples of £1.

8. Modification of Rights

The provisions of the Trust Deed and the rights of the holders of the Stock will be subject to modification by Extraordinary Resolution of the Stockholders as provided by the Trust Deed. In addition, the Trustees may from time to time without any consent or sanction of the Stockholders (but only if and so far as in the opinion of the Trustees the interests of the Stockholders will not be materially prejudiced thereby) assent to any modification of the provisions of the Trust Deed.

9. Indemnification

The Trust Deed will contain provisions for the indemnification of the Trustees and for their relief from responsibility in certain events.

AUDITORS' REPORT

The following is a copy of a report by the Company's auditors, Thomson McLintock & Co.:—

To the Directors,
Grand Metropolitan Hotels Limited,
7/8, Stratford Place, Oxford Street, London, W1N 0AJ.

29th October, 1971.

Gentlemen,

1. We have been auditors of Grand Metropolitan Hotels Limited ("the Company") since it became a public company in 1961. During the period from September, 1969 to September, 1970 the Company acquired the whole of the issued share capitals of Express Dairy Company, Limited ("Express Dairy") Berni Inns Limited ("Berni") and Mecca Limited ("Mecca"). The Company and its subsidiaries are referred to in this report as "the Group".

Profits

2. The profits of the Group for the five years ended 30th September, 1970, arrived at on the basis defined below, were as follows:—

	The Group (before major acquisitions referred to above)				*The Group (before acquisition of Truman)*
Years ended 30th September	*1966 £'000*	*1967 £'000*	*1968 £'000*	*1969 £'000*	*1970 £'000*
Profits before interest on loan capital, minority interests and taxation	2,763	3,425	4,512	5,736	18,818
Interest on loan capital	552	568	608	731	3,961
	2,211	2,857	3,904	5,005	14,857
Minority interests	104	188	273	139	501
Profits before taxation attributable to shareholders	2,107	2,669	3,631	4,866	14,356

3. The profits set out above are based on the amounts shown in the consolidated profit and loss accounts of the Group. We have not considered it necessary to adjust the figures for the years 1966 to 1969; the audited figures for 1970 included the results of Express Dairy and Berni for a full year and have been adjusted to include the results of Mecca for a full year. The profits before interest on loan capital, minority interests and taxation are stated after charging all expenses including directors' emoluments, depreciation and amortisation.

4. The profits before taxation, after deducting minority interests, shown by the published audited accounts of Express Dairy, Berni and Mecca for the last four complete financial years prior to acquisition were as follows:—

	1966 £'000	*1967 £'000*	*1968 £'000*	*1969 £'000*
Express Dairy (years ended 31st March) ..	3,159	3,132	4,040	3,454
Berni (years ended 31st May)	828	1,157	1,313	1,463
Mecca (years ended 31st December) ..	1,840	1,672	2,468	5,122

The issued share capitals of Express Dairy, Berni and Mecca were acquired partly for shares and partly for 10 per cent. convertible unsecured loan stock and cash. The interest on such loan stock and cash charged in arriving at the Group profit before taxation of £14,358,000 for the year ended 30th September, 1970 shown in paragraph 2 above amounted to approximately £2,863,000.

Truman

5. On 28th July, 1971 and 27th August, 1971 the Company offered to acquire all the issued share capital of Truman Hanbury Buxton & Company, Limited ("Truman") which it did not already own. By 29th October, 1971 it had acquired over 98·5 per cent. of the Truman ordinary shares and over 91·1 per cent. of the preference stock. The profits shown by the published audited accounts of Truman for the five years ended 31st March, 1971 were as follows:—

Years ended 31st March	*1967 £'000*	*1968 £'000*	*1969 £'000*	*1970 £'000*	*1971 £'000*
Profits before interest on loan capital, minority interests and taxation	2,253	2,558	2,668	2,981	3,117
Interest on loan capital	182	292	298	315	483
	2,071	2,266	2,370	2,666	2,634
Minority interests	17	17	17	17	17
Profits before taxation attributable to shareholders	2,054	2,249	2,353	2,649	2,617

The issued share capital of Truman was acquired partly for shares and warrants to subscribe for shares and partly for 10 per cent. convertible unsecured loan stock, 9½ per cent. unsecured loan stock and cash. On the assumption that the whole of the issued share capital of Truman will be acquired, the interest on such cash and loan stocks is estimated to amount to approximately £2,620,000 in a full year.

Net assets

6. The statement of net assets of the Company and of the Group set out below is based on the amounts shown by the accounts at 30th September, 1970, which we have not considered it necessary to adjust. The pro-forma statement of net assets of the Group and Truman is based on the amounts shown in the consolidated balance sheet of the Group at 30th September, 1970 and the published audited balance sheet of Truman at 31st March, 1971. This pro-forma statement assumes that the whole of the issued share capital of Truman will be acquired in consideration of the issue of 1,217,250 4½ per cent. Cumulative Preference Shares, 6,837,953 Ordinary Shares, £7,424,063 of 10 per cent. Convertible Unsecured Loan Stock 1991/96, 3,125,922 Warrants and £2,839,402 of 9½ per cent. Unsecured Loan Stock 1977/79 and the payment of £21,539,594 in cash. The pro-forma statement has also been adjusted to reflect the issue in December, 1970 of U.S. $15,000,000 9½ per cent. Bonds 1986.

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Merger accounting proposals may be changed

BY MICHAEL BLANDEN

CHANGES in the controversial proposals for accounting for mergers and acquisitions may be brought in by the Institute of Chartered Accountants in England and Wales as a result of criticism of their plans.

The third of the "exposure drafts" put out by the Institute's Accounting Standards Steering Committee in January put forward radical ideas under which strict rules would define the conditions in which companies should use merger accounting principles, rather than acquisition accounting, to deal with mergers and takeovers.

Guidelines

The invitation for comments on the draft produced an unusually large response. The Committee has some 400 pages of written comment from various organisations and individuals, some of it strongly critical of the proposals.

The effort is now being made to reconcile the various ideas put forward. It may be necessary for the Committee to reconsider its proposals, and possibly to put out a revised exposure draft to give an opportunity for further comment on the subject.

Meanwhile, another stage in the progress of the Institute's wide-ranging programme for the reform of accounting standards may be reached next week.

The second of its exposure drafts, also published in January, is likely to receive the approval of the Council. It will then go into effect for companies preparing accounts for periods starting next January.

This document, setting out general guidelines for companies to disclose to shareholders the principles on which their accounts have been based, is expected to have a substantial impact on the amount of information revealed in company accounts.

With only minor changes from the original draft, the document will set out rules for the disclosure of the basis of accounting adopted by public companies.

Further weight is likely to be added to the Institute's programme in the near future. It is understood that two other accounting bodies will be adding their formal support to further stages of the programme.

So far, the reforms have been presented by the English Institute in association with the Scottish and Irish Chartered Institutes. It is understood that the Association of Certified Accountants and the Institute of Cost and Works Accountants will be adding their names.

Progress

The English Institute is also making progress in its relations with Europe. On Tuesday, the Institute's representatives for the first time attended a meeting of the special Groupe d'Etude set up by accountants in the EEC countries.

Following the U.K. Parliamentary vote in favour of joining the Common Market, the Institute now expects an invitation to take up full voting membership of the Groups, which would give it the opportunity to participate in the important discussions on the accounting profession within Europe.

Player reorganising its sales force

BY OUR OWN CORRESPONDENT

NOTTINGHAM, Oct. 31.

A FUNDAMENTAL reorganisation of its sales force is being carried out by John Player and Sons, of Nottingham.

The changes are being planned and implemented by a special sales force reorganisation group and so far six sales areas in the Midlands, South-West England and Scotland are operating under the new structure. The whole operation is expected to be completed by next May.

A company official said a number of factors had contributed to the decision to reorganise. Most important, perhaps, was the changing of style of retail trading in Britain.

Demolition and slum clearance together with a move by a large number of retailers towards cash-and-carry trading had considerably reduced the number of shopkeepers dealing on a direct basis with all manufacturers—not just Player's.

It was felt that instead of having a sales force calling on direct customers and a separate merchandising force calling on indirect traders the two operations should be merged under the control in each area of one field manager. This will result in the creation of 42 sales areas instead of 18 reporting to four regional sales managers instead of the present three.

New factory

The £7.5m. Horizon factory built for the company by Bovis at the Leeton industrial estate, Nottingham, is to be handed over to Player's to-morrow. It is scheduled to start production in February, working up to full operation within about 18 months.

GRAND METROPOLITAN HOTELS LIMITED (CONTINUED)

	The Company £'000	The Company £'000	The Group £'000	The Group £'000	Pro-forma statement for the Group and Truman £'000	Pro-forma statement for the Group and Truman £'000
	At 30th September, 1970					
FIXED ASSETS						
At cost or valuation (paragraph 7)						
Land and buildings (including furniture and equipment in hotels and catering properties)	12,169		118,546		139,492	
Plant and equipment	—		41,020		48,840	
	12,169		159,566		188,332	
Less: Depreciation and amortisation	130		21,180		26,161	
		12,039		138,386		162,171
INTERESTS IN SUBSIDIARIES (paragraph 8)		126,202		—		—
INTERESTS IN ASSOCIATED COMPANIES		352		1,016		1,016
CURRENT ASSETS						
Stocks, at lower of cost and replacement value	74		8,439		11,690	
Debtors	2,206		18,068		20,682	
Investments (paragraph 9)	241		1,805		2,651	
Loans	565		1,937		2,453	
Cash	39		2,298		5,227	
		3,125		32,547		42,603
		141,716		171,949		205,790
CURRENT LIABILITIES						
Bank overdrafts and short term borrowings (paragraph 10)	17,961		21,775		37,288	
Creditors	2,531		23,791		27,651	
Taxation	309		8,613		8,738	
Proposed final dividends, gross	1,947		1,947		2,501	
		22,748		56,126		77,174
		118,970		115,823		128,616
Less: DEFERRED TAXATION (including tax equalisation)		—		6,890		7,620
NET ASSETS EXCLUDING GOODWILL BEFORE DEDUCTING LOAN CAPITAL AND MINORITY INTERESTS		118,970		108,933		120,996
Less: LOAN CAPITAL (paragraph 10)						
10 per cent. Convertible Unsecured Loan Stock 1991/96	22,981		22,981		30,405	
Other loans repayable after more than five years	6,824		24,811		40,451	
Loans repayable within five years	—		3,548		4,548	
	29,805		51,340		75,404	
MINORITY INTERESTS	—		2,546		2,706	
		29,805		53,886		78,110
NET TANGIBLE ASSETS		89,165		55,047		42,886
GOODWILL ON ACQUISITION OF SUBSIDIARIES		—		40,430		69,046
NET ASSETS		89,165		95,477		111,932

7. No provision has been made for any tax which might arise if revalued properties were sold. If all these properties had been sold at their net book values on the balance sheet dates referred to in paragraph 6 above, the tax liability which might have arisen would not have exceeded about £5,750,000.

8. The Company's interests in subsidiaries at 30th September, 1970 comprised the following:

	£'000
Shares	
At valuation	18,150
At cost	89,960
	108,110
Amounts receivable	26,698
	134,808
Amounts payable	6,606
	128,202

9. The investments shown in paragraph 6 include the following quoted securities:

	The Company £'000	The Group £'000	The Group and Truman £'000
Book value	241	1,763	1,763
Market value	2,633	3,976	3,976

10. The following bank overdrafts and loans were secured:

	The Company £'000	The Group £'000	The Group and Truman £'000
Bank overdrafts and short term borrowings	203	1,306	1,445
Loans repayable after more than five years	3,824	21,300	28,077
Loans repayable within five years	—	1,681	2,891

11. Capital expenditure authorised and commitments not provided for at the dates of the respective balance sheets are estimated at:

	The Company £'000	The Group £'000	The Group and Truman £'000
Authorised but not committed	298	4,665	6,228
Authorised and committed	1,386	6,188	8,057

12. All assets and liabilities in foreign currencies have been converted at the exchange rates ruling on the respective balance sheet dates.

Accounts

13. No accounts of the Company have been made up and audited to a later date than 30th September, 1970, nor Truman to a later date than 31st March, 1971.

Yours faithfully,
THOMSON McLINTOCK & CO.,
Chartered Accountants.

GENERAL INFORMATION

Share Capital

(a) At an Extraordinary General Meeting of the Company held on 23rd September, 1971 [illegible]

[illegible]

(v) acceptances of offers dated 28th July, 1971, 14th August, 1971 and 27th August, 1971 by Warburgs on behalf of the Company to shareholders of Truman for the whole of the issued share capital of Truman, not already owned by the Company, for the total consideration set out in sub-paragraph (b) of Share Capital above;

(vi) two agreements dated 4th August, 1971 and 27th August, 1971 and made between (1) Warburgs and (2) the Company, under which Warburgs agreed to underwrite the Warrants to be issued by the Company pursuant to its offers for the Ordinary Shares of Truman (see paragraph 6 of the Auditors' Report above);

(vii) acceptances of offers dated 24th August, 1971 by Warburgs on behalf of Express Dairy to shareholders of East Kilbride Dairy Farmers, Limited ("East Kilbride") for the whole of the issued share capital of East Kilbride, not already owned by Express Dairy, whereunder Express Dairy acquired 37,394 6 per cent. Cumulative Preference Shares and 953,605 Ordinary Shares of East Kilbride for a total consideration of £736,705 in cash; and

(viii) an agreement dated 29th October, 1971 and made between (1) Warburgs and (2) the Company, details of which are given in sub-paragraph (a) of Other Information below.

No material contracts have been entered into by Truman since 31st March, 1971, the date of its latest published accounts, otherwise than in the ordinary course of business.

Directors' Interests

(a) The Directors and their families (as defined for the purposes of The Stock Exchange, London) are interested in the following numbers of Ordinary Shares and "B" Ordinary Shares of 50p each of the Company:—

	Ordinary Shares of 50p Beneficial	Ordinary Shares of 50p Non-Beneficial	"B" Ordinary Shares of 50p Beneficial	"B" Ordinary Shares of 50p Non-Beneficial
M. Joseph	5,995,490	—	—	—
A. B. Farley	285,872	74,568	—	—
S. G. Grinstead	18,750	93,652	—	—
E. H. Sharp	13,041	118,562	—	—
E. Bernard	10,271	—	—	—
F. Berni	4,287,039	—	—	—
F. Kobler	356,248	—	—	—
J. E. Liley	840,832	100,380	272	118
S. M. Messer	11,226	436,911	254,276	7,771
V. Mishcon	691,873	4,110	—	—
E. D. Morley	16,481	—	—	—
E. K. Roberts	137	—	4,207	—
D. A. J. Taylor	8,000	—	—	—
E. E. Williamson	500	—	—	—

(b) The Directors are not aware of any shareholder holding 10 per cent. or more of any class of the share capital of the Company.

(c) Two Directors have service agreements with subsidiaries of the Company which have not been varied since the date of the notice convening the last Annual General Meeting of the Company.

(d) No Director has had, or now has, any interest in any assets which, since 30th September, 1970 have been or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries.

(e) The total emoluments receivable by the present Directors will not be varied as a result of the recent acquisition of Truman. The total emoluments of the Directors in respect of the year ended 30th September, 1970, the date of the latest published consolidated accounts of the Company, amounted to approximately £89,000.

Other Information

(a) Pursuant to an agreement with the Company dated 29th October, 1971 Warburgs have underwritten the issue of the Stock for a commission of 1½ per cent. on the nominal amount of the Stock out of which they will pay a sub-underwriting commission of 1¼ per cent., a fee to Panmure Gordon & Co. for their services as brokers to the issue and their own legal expenses.

(b) The Company shall pay all other costs, charges and expenses of and incidental to the creation and issue of the Stock, including [illegible]

[illegible]

29th October, 1971

APPLICATION FORM. The Application Lists will open at 10 a.m. on Thursday, 4th November, 1971 and will close on the same day.

Grand Metropolitan Hotels Limited

(Incorporated under the Companies Act 1929)

Issue of £20,000,000 8½ per cent. Unsecured Loan Stock 1978/80 at £99 per cent.

payable as to £10 per cent. on Application, as to £40 per cent. on or before 14th January, 1972 and as to £49 per cent. on or before 29th March, 1972.

To the Directors of: GRAND METROPOLITAN HOTELS LIMITED
Gentlemen,

Amount of Stock for which application is made.*	Amount of cheque enclosed (at £10 per cent. of amount of Stock applied for)
£	£

*Applications must be for a minimum of £100 of the Stock or multiples thereof up to and including £1,000 of the Stock; applications for more than £1,000 of the Stock up to and including £5,000 of the Stock must be in multiples of £500; applications for more than £5,000 of the Stock up to and including £10,000 of the Stock must be in multiples of £1,000; and applications for more than £10,000 of the Stock must be in multiples of £5,000.

Having paid to Barclays Bank Trust Company Limited the above-mentioned sum, being the amount payable on Application at £10 per cent. for the stated amount* of 8½ per cent. Unsecured Loan Stock 1978/80, I/we hereby apply for that amount* of Stock and request you to allot such Stock to me/us, and I/we agree to accept such Stock or any smaller amount that may be allotted to me/us upon the terms of the Company's prospectus dated 29th October, 1971.

I/We hereby authorise you to send to me/us a Renounceable Allotment Letter in respect of the Stock (if any) so allotted and/or a cheque for any moneys returnable by post at my/our risk to the address first written below and to procure my/our name(s) to be placed on the Register as the holder(s) of the Stock so allotted to me/us, the right to which is not effectively renounced. Failure to pay any amount when due will render the allotment liable to cancellation and any amount previously paid in respect thereof liable to forfeiture. Interest at the rate of 9½ per cent. per annum may be charged on any instalment if accepted after its due date.

†IMPORTANT.—To comply with the provisions of the Exchange Control Act, 1947, the Applicant(s) must make the Declaration contained in the following paragraph, or, if unable to do so, must delete such paragraph and arrange for this Application to be lodged through an Authorised Depositary* or an Approved Agent in the Irish Republic*.

I/We hereby declare that I am/we are not resident outside the Scheduled Territories* and am/are not acquiring the Stock as the nominee(s) of any person(s) resident outside those Territories.

Dated ________ 1971. ________ *Signature.*

Please use Block Letters

← Christian Name(s) (in full)
← Surname and designation (Mr., Mrs., Miss or Title)
← Address (in full)

(In the case of Joint Applications all further Applicants must sign and complete below.)

2. ________ *Signature.*

Christian Name(s) (in full) ________ *Surname* ________
Address (in full) ________ *Mr., Mrs., Miss or Title* ________

3. ________ *Signature.*

Christian Name(s) (in full) ________ *Surname* ________
Address (in full) ________ *Mr., Mrs., Miss or Title* ________

This Form when completed should be sent to Barclays Bank Trust Company Limited, New Issues Division, P.O. Box 78, Malvern House, 72, Upper Thames Street, London, EC4P 4BJ, together with a cheque for the full amount payable on application.

A corporation should complete under hand by a duly authorised officer who should state his representative capacity. Cheques, which should be drawn on a bank or branch thereof in England, Scotland or Wales, should be made payable to Barclays Bank Trust Company Limited and crossed "Not Negotiable". A SEPARATE CHEQUE MUST ACCOMPANY EACH APPLICATION FORM. NO APPLICATION WILL BE CONSIDERED UNLESS THESE CONDITIONS ARE FULFILLED. ALL CHEQUES ARE LIABLE TO BE PRESENTED FOR PAYMENT. No receipt will be issued for the payment on Application, but an acknowledgement will be forwarded through the post in due course, at the risk of the applicant(s), by Renounceable Allotment Letter and/or return of the application money or any surplus thereof.

Exchange Control Act, 1947

*Authorised Depositaries are listed in Appendices I and II of the Bank of England's Notice E.C.1 and include Banks and Stockbrokers in, and Solicitors practising in, the United Kingdom or the Channel Islands. An approved Agent in the Irish Republic is defined in the Bank of England's Notice E.C.10. The Scheduled Territories at present comprise:— The British Commonwealth (except Canada and Rhodesia), the Irish Republic, British Trust Territories, British Protectorates and Protected States, Bahrein, Iceland, the Hashemite Kingdom of Jordan, Kuwait, Libya, Qatar, South Africa and South West Africa, Western Samoa, the People's Democratic Republic of Yemen.

*For the amount of Stock stated the following sums are payable on Application:—

£100 of Stock	£10
£200 of Stock	£20
£500 of Stock	£50
£1,000 of Stock	£100
£2,000 of Stock	£200
£5,000 of Stock	£500
£10,000 of Stock	£1,000
£20,000 of Stock	£2,000
£50,000 of Stock	£5,000

ADVERTISEMENT

DATASOLVE INTERNATIONAL

A Workmanlike Base for Future Expansion

By TED SCHOETERS

"Presentable, workmanlike, hut certainly not lavish; having the undoubted attraction that there is plenty of room to expand," is the way in whicb Mr. Cliva Richards, chief executive of DataSolve International and of Rothschild Investment Trust describes the new DataSolve beadquarters in Old Broad Street.

Ceremonially opened to-day hy Mr. Harold Wilson, the premises are a conversion of a former Salvation Army bostel and apart from a high efficiency air conditioning system which bas cost around £30,000, comparatively little bas been expended compared with the very large sums this so-called glamour iodustry generally seems to lay out on the launching of new operations or services.

Wary approach

But the whole approach of DataSolve and of its senior management appears much more wary than that of most of its contemporaries. Offering a series of services right across the computing market, the company has sensitive feelers out all the time and it cannot have been a particularly happy moment for the management when, in early April, Rothschild Investmant Trust consolidated its Concord Computer Centre nnder the DataSolve International name.

At the time, software services were feeling the very severe pinch which came after decimalisation had been completed and all the "fire brigade" program and systems staff bad gone back from clients to their own offices. The downturn bad been expected—it was worse than anticipated because of the economic situation.

This is why, for several months, DataSolve bas sougbt stability rather than fast growth through new acquisitions. "Stahility at a time when some resounding failures were unsettling the wbole services market was of considerable importance to us" says Clive Richards. "We could have taken over several much-publicised organisations, hut it would not have been wise, however tecbnically glamorous they may have been. We limited our acquisitions to two relatively small groups.

"For this reason we weathered the storms in the March-June perlod better than most and we are still making a profit."

As a result of this philosophy, uncommon in an Industry only too deeply influenced by the heady years of 30 to 50 per cent. growth rates in America, the DataSolve operation has seen turnover increase from an annual rate of about £1¼m. in April to around £1½m. now. Despite the spectacular failures mentioned above, the company has gained a number of new customers so that the earlier predicted growth rata for the year of 15 per cent. has improved to over 20 per cent.

No pressure

The company has not heen under any real pressure to grow by acquisition, even tbough this would he an easy enongh operation at tbe moment, particularly in the area of software. It is in the fortunate positioo of being able to pick and choose and, this is important, because Clive Ricbards foresees a long period of marketing-led strategy ahead.

"People are golng to have to price what tbey sell first. Thece will be no more beadlong rusbes into high technology for technology's sake with tbe Inescapable naed thereafter to sell a dear product to cover costs. "There is going to he a good resettling period," be insists.

This does not mean the company is steadfastly holding to the batcb processlng approach. Indeed the International Computers 1903A which the centre bouses is to he superseded in about six months by tbe much moce powerful 1904A. With this machine—wblcb it is easy to upgrade to a 1904S—DataSolve will be ahle to offer cemote hatch work and time-sharing operations if users want them and if the operation can he shown to be profitahle. One source of greater confidence in the future is seen as the greater stablility of the salary structure and the disappearance of the feverish job mobility of the second half of the 1960s, whlch has been a most serious prohlem for data processing managers.

Clive Richards and his management team bave heen studying the European position very closely during the great debate on the Common Market. It bas heen decided that the hest way for DataSolve to expand into Europe is through an alliance rather than a conquest. Therefore the company is seeking to move closer to a similar organisation in France, Belgium or Germany—France most probably—by means of a share exchange. The group most likely to become DataSolve's partner cannot yet be named. However, it bas followad the same cautious and steady approach as the latter.

For the immediate future, Richards sees further expansion of DataSolve's important "rescue" work. This is done when a company is running a relatively small computer, finds tbat the workload is outstripping the latter's capacity but judges that the cost of moving to a larger machine is uoacceptahle. DataSolve can take over in situations sucb as these and propose solutions which impose far less of a financial burden on the computer owners.

Another source of revenue is likely to be the trend to offload on to service hureaux certain standard routines the latter are known to do well. In DataSolve's case these may generally be on the finance side thougb the company is handling every routine encountered in business.

Finance and insurance work is nevertheless the area in which the group has estahlisbed a solid reputation. It runs tha Weld Durlacher management information service on wbich London Stock Exchange dealers rely for opening book positions produced by computer overnight from the previous day's trading figures. But through other centres in London and the provinces there are many other types of service to draw on.

DataSolve now counts some 250 professiooal staff and has six machines at its disposal, of which the Old Street installation is the latest.

This machine—a 1903A from ICL which is operating, so to speak, as a pilot for the bigger machine—has been housed by an ICL subsidiary known as Dataset. This organisation's Dataspace Division designed and supervised the installation of support equipment for the computer. Original ground flooring was adapted to provide a computer suite, giving an area of about 1,850 square feet.

A raised modular floor provides cahling space as well as a return path for the air delivered to the rooms through the false ceiling. Double glazing excludes noise and provides better temperature control.

A plant room in the basement houses tha air-conditioning equipment and the electrical distribution unit while the air compressors and the condenser are situated at the rear of the building.

It is never easy to remodel old premises to suit the exacting conditions required for successful computer work. But in this instance, where serviceability was the key word rather than prestige, an adequate job was done with an economy in keeping with the company's practice of tight financial control over all its operations.

Planning for Bigger Computer Capacity

Equipment at the Old Street centre heing opened to-day is built around an International Computers 1903A, a machine brought out by the company wben it decided that the time was right to move from discrete electronic components into integrated circuit technology.

As it stands, the computing system wlth its 32,000 words of core store, three disc files of 8m. words each, two line printers and eight tape decks, represents a total investment of between £250,000 and £300,000.

But the company is not standing still and demand for services from clients is advaneing all the time so that in the very near future, the store will be increased from 32,000 to 48,000 words.

This rented system is to be replaced in the course of the next year by a mnch larger computer which will have the capahility of maintaining a wbole network of communication links, if the DataSolve management so decides. The machine to be brought in early in 1972 will be a 1904A whicb will start off with a 64,000 word core store.

It will have a great deal more ancillary equipment than the current unit. The array of magnetic tape drives will be raised to ten and it is intended to select these from the faster range suitahle for operation with the 4A. There will be two paper tape readers instead of the single one now operating and there could be an early decision to move over to discs with capacities of 30m. characters each.

More equipment

In its initial layout, the new machine and its supporting units will represent a capital value of at least £400,000.

If such units are selected, they could initially provide some 90m. character of storage which they could ultimately be raised to 300m. if required.

Towards the end of 1972 there is a possibility that the core size of the 1904A will be increased considerahly to a total of 128,000 characters. At the same time, a study is in progress of the requirements of users who may at some time want to move over to a system wbere, from a terminal in their own offices, they can obtain access to and use the central machine at Old Street as if it were part of their own computing equipment.

This is not an easy move to make, nor it is a low-cost form of computing. But several large organisations already are using this deslgn of computer as the nexus of a network of Post Office lines linked to terminals, some of which are many miles away.

If and when the company goes into the time-sharing field it will follow a large number of other organisations who bave applied 1904A's for this purpose. They include the West Midlands Gas Board; Computel; the Radio and Space Researcb Laboratories; Mullard, BEA, Unigate, the Co-op and British Steel, among others.

It would he wrong to conclude from this that the company will be a very late-comer to the field of general time-sharing. Specialist services, it is true, have expanded very quickly in the past two years, providing comprehensive engineering design and calculation support to engineers all over Britain. But installation of terminals to provide a very wide support of ordinary business activities is only just getting into its stride and the move has

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A patient in Charing Cross hospital undergoing a cardiac analysis on a computer in Belgium through an international data link. This demonstration was staged recently by DataSolve International for cardiologists and Ministry of Health staff. It relied on a system developed in the U.S. and in use there for 12 months. The results of the analysis are available within 30 minutes by Telex from the Brussels centre but this time could be greatly reduced by setting up such a service in Britain.

Marketing for profitability

"Part of the present malaise in the computing services industry is a general lack of marketing expertise" says Mr. A. J. Woolnough, sales and marketing director of DataSolve. Hastening to add: "I am not a computer man, my background is in general management," he says quite bluntly that in too many instances data processing centres have been entirely developed by the technicians, who put the machines first and then tried to sell their capacity.

Too many centres are therefore production-oriented; marketing and user problems "come pretty far down the list." Indeed, in some instances, marketing in its proper sense does not exist. This was perhaps not too hard to live with when the industry was growing by leaps and bounds but in the tough competitive conditions that to-day prevail, an attitude such as this carries the seeds of disaster.

This is not to say that DataSolve will always be trembling on the brink of new systems or new applications for them. The group "must stay in the forefront of technical advances in machines"—hence the 1903a and the 4a with its time-sharing capability. But "let's see the profit first," is rule number one according to Mr. Woolnough.

Looking at the history of the group, he and his predecessors appear to have applied this rule throughout its existence.

The result is a compact organisation which is running machines similar to equipment which commands something like 80 per cent. of the market by value. Mr. Woolnough indicates that the machine mix is being quite deliberately maintained to make access to such a large market slice simpler. Odd man out perhaps is the Leo 3 computer but the value of this machine and of the program suites built up over a period of years to run on it cannot be over-stated.

Leo was carrying out multi-programming and multi-processing some five years before the leaders of the computing industry came to recognise—publicly—the need for such techniques, which make the most of so expensive a capital asset as a computer.

In the hands of Wedd Durlacher, Mordaunt and Company, over 50 man-years of work went into the development of the main program suites running on this machine. The stock exchange prices service built up by the company—largest jobbers on the market—was probably the most important outcome of this work which gained a considerable reputation for the team which carried it out and ensured prompt response when the company threw open spare capacity to outside users after a decision to go into bureau operation.

Staying in front

Meanwhile two firms of Lloyds Syndicate accountants—Towley Pemberton and Co. and Neville Russell and Co.—were setting up a joint organisation named Rowley Russell to own and operate a computer service for clients on the accounting and statistical side. Work began on a 1004 obtained via ICL and was then moved on to an ICL 1901 at the Camden Computer Centre. Spare capacity also was marketed as a bureau service.

Business techniques and especially those linked with insurance and the motor industry were built up over a period of years until, in 1969, Wedd Durlacher and Mordaunt acquired Rowley Russell. In June, 1970, this grouping was renamed the Concord Computer Centre and in October of that year it became a wholly owned subsidiary of Rothschild Investment Trust.

This was the kernel of the DataSolve operation, but it was very soon enlarged by the addition of the bureau which originated in the activities of Devitt Langton and Dawnay Day, Lloyds insurance brokers and underwriters. These began on an IBM 360/20 at a centre in Fenchurch Street as a support to the work of group companies but were soon extended to cover such other jobs as the processing of data for the AA Motor Policy scheme. This specialist section was added to Concord in January this year.

But there were other computer operations in which N. M. Rothschild had a significant interest. These were located at Guildford and Romford under the name Computeraid and operated identical IBM 360/30s. There was also a subsidiary in Manchester—DataSolve — running an ICL 4150 after a long period on a Leo 3.

Altogether this organisation was operating about £1m.-worth of equipment and totalled 200 staff. The Rothschild interest was increased to 26 per cent. in 1969 and finally, in February this year, Computeraid joined with the Concord operation to form what is now known as DataSolve International, a group with a 66⅔ per cent. holding by Rothschild Investment Trust, the balance being held by Computeraid Holdings.

Computeraid brought with it a large force of trained staff and experience in general bureau work on three varieties of computers. Added to the specialist knowledge of banking, finance and insurance of the other partners in DataSolve International, this made a formidable array of talent to draw on.

The equipment now available generally provides back-up within the company, the Old Street complex being able to rely on an ICL 1901A at Kingsway and the 360/40 at Guildford or a 360/30 at Fenchurch Street. For the Manchester 4-50 special arrangements have been made to run on a similar machine outside the group if need be, though some of the new program suites have been written to operate either on the 360s or the latter equipment.

Trained staff

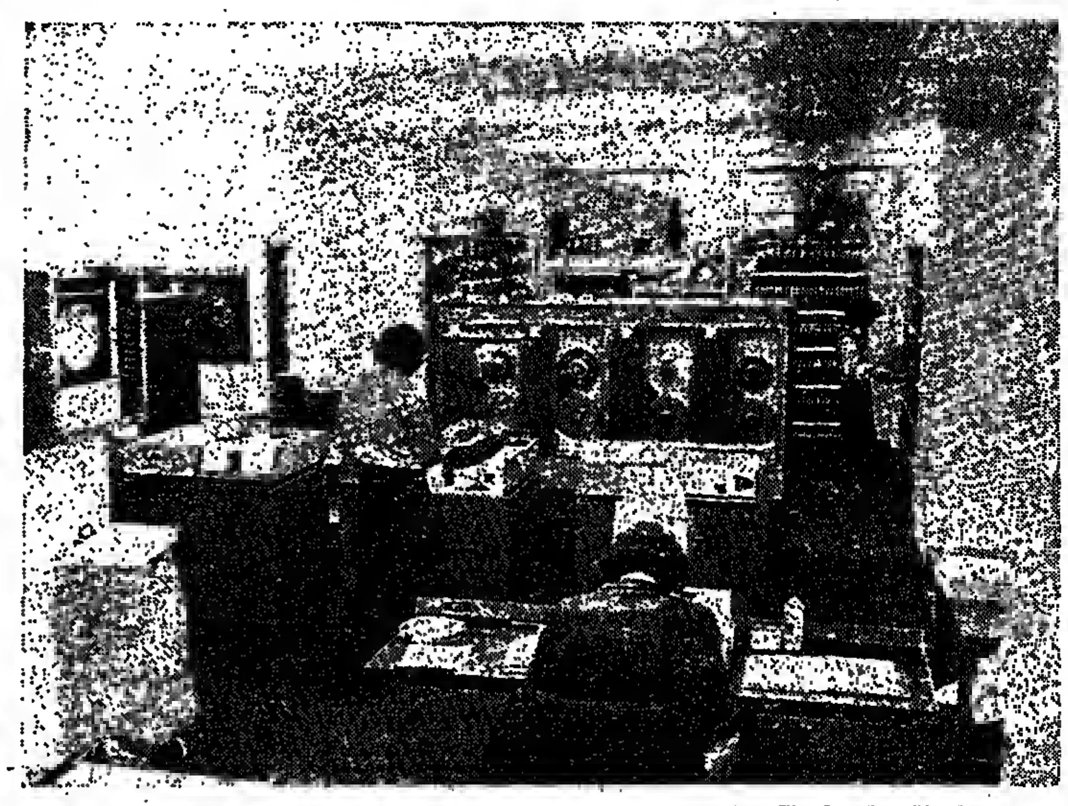
Because of the history of the group the marketing organisation offer a broad set of services from each of the three marketing centres. These include facilities management and turnkey work; consultancy and education—both for company and other people's data processing staff; and besides the bureau operation, major software support as well as consultancy and the provision of specialist stationery.

Companies always have tended to come to the organisation for specialist software packages in the financial area, according to Mr. Woolnough. Also, the simple fact that the company has Rothschilds as a major backer means that DataSolve gains credence with many large organisations on introduction. But apart from that undoubtedly great advantage, the constituent companies had established a reputation for stability which has been lacking in this sector of the computing scene. "We do not have to fight to establish our credibility," Woolnough says.

Over the years, the group has built up a simple marketing philosophy which is to work anywhere if it can be shown that the operation can be run effectively and profitably. "We are not going into real-time computing and terminal operation because it is a nice, advanced thing to do.

"This is probably the application of the future and we will have a real-time facility by the time the market we serve is ready for it," Woolnough declares.

This philosophy is a far cry from the "isn't technology wonderful" school of operations, but it is likely to carry its holders along a path of steady expansion long after the names—but perhaps not the effects—of the mushroom companies have been forgotten.



Staff at work on part of the equipment forming the 1903A computer system now in use at the DataSolve headquarters in Old Street. The system represents a total installed value of between £250,000 and £300,000 and is to be enhanced in the near future.

Bigger capacity *(Contd.)*

Continued from previous page

not been helped by recent failures in this area of the market.

Nevertheless, because existing bureau clients more and more are tending to welcome the idea of being able to gain immediate access to the computer equipment they are using, without having to leave their own offices, there is pressure on service centres to provide such facilities.

Already, some of the largest bureaux have made confident claims that they can halve the cost of computing for the small to medium organisation using its own data processing equipment and it is certain that a great deal of business is being captured in this way at the moment, both from unhappy computer users who are getting rid of their current equipment earlier than obsolescence would have warranted, and from prospects for the new small machines who are daunted at the idea of recruiting or training staff, setting up air-conditioned facilities and writing all the software they need for their own in-house routines.

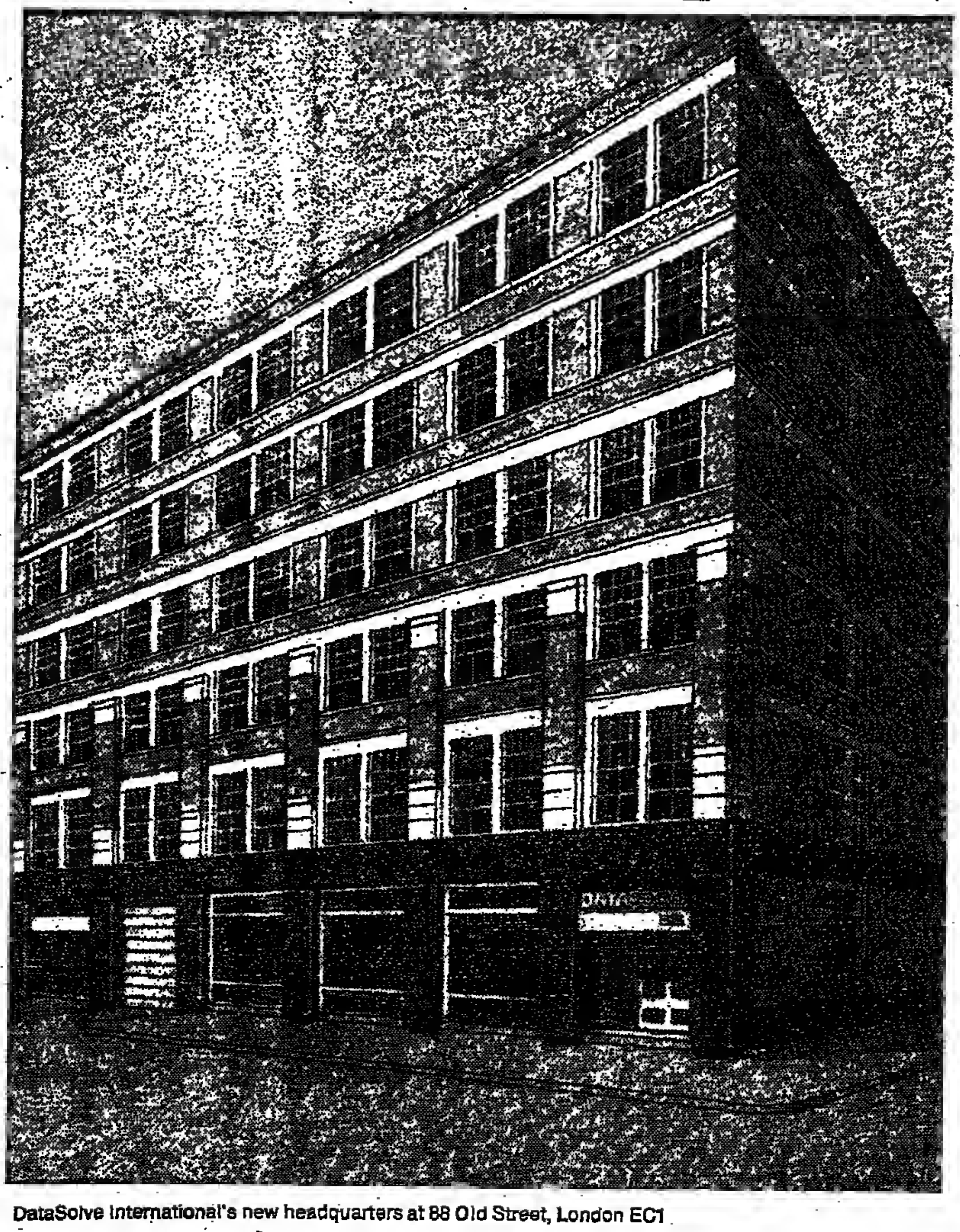
Little doubt

There is little doubt that many companies are now becoming "computer shy" and would much rather delegate the function of evaluating and selecting equipment—and running it—to people who have an obvious capability.

Further impetus to the growth of large networks linked into services which have a reputation as providing expert support in banking, insurance, design, construction problems and so on will be given by the provision of a national data communications network on which administrative decisions are believed to have been taken.

The network is expected to be independent of the telephone system and to be capable of taking a large amount of information at high speed, but the techniques which it will employ for the transmission of computer "talk" have yet to be decided. Nevertheless, the Post Office may make a start on the system in the not too distant future.

New corporate headquarters for the DataSolve International Group of companies



DataSolve International's new headquarters at 88 Old Street, London EC1

DataSolve International is a highly successful computer services group, whose clients include some of the world's largest companies. Its success stems from the skilled management and sound business disciplines applied to all its projects.

The Group's wide experience covers the running of IBM 360, ICL 1900 and System 4 bureaux, complete with the consultancy, system design and programming, data preparation and training services essential to ensure the successful implementation of projects of all sizes and complexity.

In addition, DataSolve International provides the following packages: Purchase Ledger; Payroll; Nominal Ledger; Sales Ledger; Sales Analysis; Production Control; Production Forecasting; Stock Control; Share Registration; Test-Prog; Insurance Brokers Ledger; Underwriting Statistics.

From the Group's processing centres in London, Manchester and Guildford a highly skilled field force provides the ideal solution for geographically dispersed companies who wish to make use of the professional and specialised skills offered by the Group. The Group also operates a printing subsidiary — the DataSolve Press Ltd. — which specialises in business management and computer type documents.

If you have any data processing problems — any problems — get in touch with us at head office or at any of our other locations.

LONDON	DataSolve International Ltd., Head Office 88 Old Street, London EC1 Tel: 01-251 1121	ICL 1903A ICL 1901A LEO III
	also at 92 Fenchurch Street London EC3	IBM 360/30
GUILDFORD	DataSolve (Southern) Ltd., Ladymead Guildford Surrey Tel: Guildford (0483) 64691	IBM 360/40
MANCHESTER	DataSolve (Northern) Ltd., Commercial Avenue Cheadle Hulme Cheshire Tel: 061-485 7191	ICL System 4-50

DATASOLVE INTERNATIONAL LIMITED

A subsidiary of Rothschild Investment Trust

F.T. SHARE INFORMATION SERVICE

BRITISH FUNDS

Interest Due		Stock	Closing Price £	When last xd	Gr'ss Y'ld pc In-ter'st £	Rdmp-tion £
"Shorts" (Lives up to Five Years)						
15F.	15A.	Conv. 6pc 1972	100½	6.7	5.97	4.44
1F.	2A.	Gas 4pc 69-72	99	2.7	4.02	4.72
2F.	2A.	Exchequer 6½pc. 1972	101	2.7	5.17	4.66
15J.	15J.	Exchequer 6¾pc 1973	102⅜	9.6	6.59	4.66
1A.	1O.	Electric 3pc '68-73	97	25.8	3.08	4.91
1A.	1O.	Transport 3pc '68-73	97	25.6	6.08	4.91
10J.	10D.	Treas. 6¼% 1973	99	—	6.25	5.28
15J.	15D.	Conv. 5¼pc 1974	99	10.6	6.30	5.63
10M.	10S.	Treas. 5½% 1974	99	—	5.53	5.69
11J.	11D.	Treasury 6¾pc 1974	102	6.6	5.57	5.78
15F.	15A.	Savings 3pc '65-75	92	6.7	3.25	6.27
—		Treasury 5pc 1976	99	—	5.01	6.05
1M.	1S.	Exch. 6½pc 1976	101	28.7	5.43	6.20
15F.	15A.	Treasury 6½pc 1976	101	9.7	5.45	6.29
1M.	1S.	Victory 4pc 1976	97¼	26.7	4.11	6.24
Five to Fifteen Years						
5M.	1N.	Funding 4pc '60-90	97½	27.9	4.10	5.08
10M.	10S.	Treas. 6¼% 1977	100⅝	—	6.26	6.25
15M.	15S.	Electric 3pc 1974-77	90⅛	6.6	3.33	6.13
20J.	20D.	Transport 4pc '72-77	91¾	14.5	4.45	5.91
26M.	26S.	Exchequer 5pc '76-78	23⅝	20.6	5.39	6.98
26M.	26S.	Electric 4½pc '74-79	88¾	20.8	4.81	6.13
16M.	16N.	Do. 3½pc '76-79	84⅛xd	11.10	4.15	6.82
15J.	15D.	Treasury 3½pc '77-80	24⅝	10.5	4.20	5.99
15J.	15P.	Funding 5½pc '78-80	93¼	16.5	6.75	6.59
15F.	15A.	Treasury 3½pc '79-81	81⅞	9.7	4.32	6.20
15J.	15J.	Do. 8¾pc '80-82	106¼	9.8	8.19	7.86
15J.	15J.	Funding 6½pc '82-84	89⅝	9.6	6.24	6.94
10J.	10J.	Treasury 8½pc '84-86	104⅝	5.6	8.32	8.22
Over Fifteen Years						
1M.	1N.	Funding 6½pc '85-87	87½	27.9	7.42	7.91
1J.	1J.	Transport 3pc '78-88	62½	25.5	4.88	6.83

[illegible]

CANADIANS

Dividends Usually Paid	Stock	Closing Price	When last xd	Div. amount	Times Covered	Gross Yield pc
J.Ap.Jy.O	Abitibi Paper	276	26.1	—	—	—
My Je.S.D	Bk. Montreal ($2)	753xd	28.10	77c	—	4.3
F.My.AuN	Bk. Nova Scot.($2)	£15⅛	1.10	84c	—	2.7
—	Bow Valley	£19	—	10c	—	0.3
O JaApJly	Brascan	825	23.8	$1.0	—	5.0
—	B.P. Oil & Gas	875	—	—	—	—
F.MyAn.N	Can. Imp. Bk. ($2)	£10	1.10	69c	—	2.7
July Jan.	Can. Pacific ($5)	686	29.8	65c	—	4.8
July Jan.	4pc N. Cum. P.($5)	101	26.6	4	—	5.0
July Jan.	4pc Deb. £100)	£43¼	17.5	4	—	8.2
Apr. Jly.	Cons. Bathurst	995	6'70	$1	—	14.1
J.Ap.Jy.O	Gulf Oil Can.	£11⅞	31.8	67½c	—	2.0
—	Hawker Sid. Can.	97	—	—	—	—
F.MyAn.N	Hollinger ($5)	£17	30.10	$1.20	† —	2.2
Apr. Oct.	Hudson's Bay	845	9.9	52c	—	2.5
Jan. July	Hud. B. Oil G.($2½)	£19⅞	6.7	50c	—	1.0
Mr.Je.S.D	Imasco	825	28.6	80c	—	4.0
Mr.Je.S.D	Imperial Oil	£13⅞	31.8	52½c	—	1.6
F.My.AuN	Int. Nat. Gas $1	555	22.10	50c	—	3.8
Mr.Je.S.D	Int. Nickel	£19¾	20.8	$1.60	—	4.9
O. Jne	Massey Ferg.	460	11.11	$1	—	)
December	Pacific Petrol ($1)	£14⅜	†6.11	30c	—	0.9
—	Place Gas ($1)	47	—	—	—	—
June Dec.	Rio Algom	600	6.9	40c	—	2.8
M.JeS.D.	Royal Bk. Can. ($2)	£12	30.8	88c	—	3.0
May	Steep Rock ($1)	90	31.7	15c	—	6.9
F.MyAn.N	Tor. Dom. Bk. ($2)	£11¾	1.10	68c	† —	8.4
J.Ap.Jy.O	Trans.Can.Pipe($1	£16⅝	28.9	61	—	2.5
June Dec.	Westcoast	£11⅛	9.8	60c	—	1.9
Mar. Sept.	White Pass	420	25.8	25c	—	2.5

S.E. List Premium 22½% (based on $2.4979 per £)

BANKS AND HIRE PURCHASE

[illegible]

BUILDING INDUSTRY—Continued

Dividends Usually Paid	Stock	Closing Price	When last xd	Div. amount	Times covered	Gross yield pc	P/E Ratio
July	J.B.Holdings5p	93	28.5	120	2.5	4.3	10.8
For Jackson (DT) see Francis Parker under "Recents"							
Jan. July	Janes (H.C.)	90	28.6	18	1.9	5.0	10.4
Mar. Sept.	Jarvis (J.)	110	6.9	30	1.5	6.8	9.9
Jan. July	Jenkins (T) 10p	45	—	d17	1.9	3.9	14.1
Mar. Oct.	Jenn'ngs$A0.50	76	—	10	3.6	3.0	9.4
Dec. July	J'hne'nRied 50p	409	4.10	d18	2.8	8.2	15.8
July	Jones Edwd.10p	35	28.5	2⅞	1.2	7.9	9.7
Jan. Aug.	Keiz'r V'nsta20p	54	12.7	15	1.1	6.6	17.0
Nov. May	Kenkast 10p	20	19.4	d7½	1.1	3.7	24.8
November	Kennedys'	147	4.10	22½	1.9	3.8	13.5
Mar. Nov.	Kier (J. L.)	185	20.9	d25	9.2	3.4	13.4
Apr. Sept.	Lafarge	52	28.8	8.4	1.5	4.0	18.5
Dec. June	Laing (John)'A'	147	4.10	†9	8.4	1.6	27.0
Apr. Sept.	LathamJas. (£1)	220	28.7	18	1.2	5.4	15.8
Mar. Oct.	Lawdon (10p)	56	4.10	35	1.6	6.3	11.6
Nov. June	LeadIndsGp50p	108	4.10	11	1.9	5.0	10.3
Nov. Apr.	Leaderflush 20p	33	4.10	d10	0.8	6.1	19.6
Aug. Mar.	Leyland Paint	70	28.7	†8½	1.7	8.9	19.7
Nov. May	Lilley (F.J.C.)	58	2.4	12	2.1	5.2	9.2
Dec. July	Limmer Hdg.	55½	28.5	1	—	0.4	—
Dec. June	London Brick	99½	18.4	†15	1.5	3.8	18.0
March	Lovell (Y.J.) £1	188	15.2	10	1.4	5.8	13.7
July Feb.	McLean(J.)(20p)	70	14.6	†16	2.1	4.6	8.9
May Dec.	McManusGp10p	16	9'68	—	—	—	—
Nov. June	McNeil Gp.	33	28.5	12	1.0	9.5	11.1
Aug. Mar.	Macpherson(D.)	38	2.7	†4	1.3	2.6	28.5
Mar. Aug.	Magnet Joinery	399	12.7	32½	2.4	2.0	20.6

[illegible]

DRAPERY AND STORES—Continued

Dividends Usually Paid	Stock	Closing Price	When last xd	Div. amount	Times covered	Gross yield pc	P/E Ratio
Feb. Aug.	Perkins (D.)	158	28.6	20½	1.6	3.2	19.5
May Nov.	Peters(J.) Furn.	161	23.8	19	2.1	3.6	15.7
Jan. July	Plushpile 10p	22½	12.7	18	1.9	7.8	7.4
Dec. July	Polly Peck 10p.	33	14.5	d27½	1.5	8.3	8.1
Jan. Sept.	Preedy(Alfred)	63	26.7	16	1.1	6.5	14.2
July Jan.	QueenSt. W.10p	15½	6'66	B—	—	—	—
Apr. Oct.	Ramar Text 5p	8	16.2	10	†6.7	3.3	91.9
Mar. Sept.	Ratners 10p	55	26.7	d30	1.5	5.4	19.1
Mar. Dec.	Raybeck 10p	101	25.1	35	Φ	4.2	Φ
Dec. July	Readicut 5p	50½	14.6	27	2.2	9.7	17.9
Nov. June	ReedAustnA £1	395xd	18.10	†49.2	1.9	9.3	22.9
Mar. Aug.	Rivlin(ID&S 10p	50	28.7	29½	1.5	5.9	13.5
Dec. June	Rose(W&Paint)	120	17.5	d25	1.7	5.3	11.8
Apr. Oct.	S & U Stores12½p	31	23.8	d12	2.9	4.8	8.9
Apr. Oct.	Do 5%PfOd12½p	39	23.8	25	3.6	9.0	3.3
Feb. July	Samuel (H.) 'A'	170	28.5	15	2.1	2.3	20.8
Dec. July	Selincourt 5p	16½xd	15.10	†16	1.4	4.5	15.7
Mar. Oct.	Sharna Ware20p	15	2'68	—	—	—	—
Oct. Apr.	Sherman (S.)10p	26	5'69	—	—	—	—
Jan. July	Smith WH'A'£1	523	18.4	12	2.0	2.3	22.1
Oct. May	Spirella 20p	20	23.8	d13	1.4	5.4	18.8
Oct. Apr.	Steinberg 10p	81	25.8	d20	2.5	3.5	12.8
September	Stone-Dri	107	28.6	d10	2.5	2.4	†7.1
July	Sturla (Geo.) 10p	19	28.5	5	—	4.2	Φ
Nov. June	Sumrie(CH) 20p	40	3.5	22	0.9	†1.2	8.4
Sept. Apr.	Tratex	166	6.9	d24	9.0	3.6	†3.6
Jan. July	Utd. Drapery	131½	17.5	22	1.4	4.3	19.4
Nov. May	Upton (E.) 'A'	44xd	18.10	12	1.4	8.8	10.7
Feb. Sept.	Vantona	55	9.9	13	1.4	6.9	12.1

[illegible]

ENGINEERING AND METAL—Gen. Cont.

Dividends Usually Paid	Stock	Closing Price	When last xd	Div. amount	Times covered	Gross yield	P/E Ratio
For Hattersley Stelrad see Stelrad Group							
Dec. July	HeadWrightson	58	20.9	11	1.5	4.7	†4.1
Oct. April	Hill & Smith	106	20.9	d15	2.3	5.9	11.2
Nov. May	Hopkinsons (£1)	385	3.5	22	1.4	5.8	12.2
May Sept.	Howden Group	61	6.9	15	1.2	6.6	†9.9
Oct. April	I.M.I.	68½	23.8	11	1.9	4.0	12.9
Aug. Mar.	Int.Combustion	12½	5.68	—	—	—	—
Aug. Feb.	Int. Comp. Air.	134	28.6	14	1.9	9.6	19.9
Aug. Feb.	Jacks'n J&HB5p	24	28.7	6	7.7	1.3	10.4
Mar. Sept.	Johnson (C.H.)	27	19.4	†14	1.7		—
Dec. July	Johnson(R&N)£1	370	4.10	17.6	Φ	4.8	Φ
Dec. May	Keay (Thos. C.)	36	4'70	—	—	—	—
May Nov.	Kirkstall Forge	52xd	18.10	10	9.3	4.8	6.9
May Oct.	Kitson's 50p	132½	4.10	15	1.3	6.2	12.0
Dec. May	Laird Group	30	3.5	1	—	—	—
May Nov.	Lake& Elliot50p	136	3.5	17½	Φ	6.7	Φ
Jan. July	Lead & Alloys	154	14.6	40	1.8	5.6	8.6
July Feb.	Lee(Arthur)12½p	27	28.6	17	8.1	7.9	6.9
Nov. May	Linread	72xd	18.10	18	Φ	6.3	Φ
November	Do. "A"	72xd	18.10	—	—	—	—
Dec. Aug.	Lloyd (F.H.)	69	26.6	19	1.2	8.3	9.7
Jan. July	Locker (T.) (5p)	18½	14.6	16	1.5	6.4	10.6
Jan. July	Do. "A" (5p)	10¾	14.6	16	1.5	7.4	8.0
Oct. April	London&Midl'd	112	23.8	20	2.5	4.6	9.1
December	Longmore Bros.	165	11'75	55	Φ	7.8	Φ
Apr. Nov.	M. L. Holdings	30	4.10	13	1.0	11.1	8.8
June	Macreadys Mtl.	63	17.5	d17	2.2	6.8	6.6
Nov. June	Mangan Bronze	26	14.6	3.4	Φ	6.3	Φ
September	M'ry'tGpNV10p	26	9.9	16	1.7	6.8	10.5
Oct. April	Martin(Tom)10p	73	23.8	d32	1.9	4.5	11.9
May Dec.	Martonair 20p	185	3.5	d23	2.1	9.5	20.0
August	Massey (B. & S.)	29½	28.8	3	8.4	2.6	†5.8

[illegible]

HOTELS AND CATERERS—Continued

Dividends Usually Paid	Stock	Closing Price	When last xd	Div. amount	Times covered	Gross yield pc	P/E Ratio
2. Jn. Ms.	CurzonH'use(5p)	210	9.9	80	3.2	1.9	16.8
Dec. June	De Vere Hotels	181xd	18.10	d18	1.5	3.1	21.9
Jan. July	Golden Egg (5p)	136	28.6	†85	2.0	3.2	15.2
Sept. Mar.	Grand Met. (50p)	179	25.7	4.8	3.8	1.3	18.7
Aug. Mar.	Kensington Pal.	248	26.7	11	2.4	1.1	37.6
Aug. Mar.	Do. 'A'	248	28.7	11	2.4	1.1	37.6
Mar. Sept.	Kursaal	85	6.9	25	1.6	7.3	
Apr. Nov.	Ladbroke	350xd	18.10	50	2.7	3.6	12.7
— —	LeisureGen.(10p)	40	—	11	Φ	2.7	Φ
Dec. July	Lyons 'A' (£1)	560	14.6	13.6	1.9	2.4	22.6
Mar. Oct.	MarioFranco10p	74	20.9	d42	1.5	5.7	11.4
Nov. July	Mt.Charlotte10p	17¼	5.5	6	1.8	3.8	14.9
Apr. Dec.	Myddleton (50p)	124	22.8	12	Φ	3.2	Φ
Sept. Mar.	Norfolk Cap.(5p)	42	9.8	9	1.8	2.7	20.8
Dec. June	North M.F. 10p	68	19.4	†16	1.6	2.4	25.7
May Oct.	Palace Derby	90	7.8	4	—	—	—
— —	Pic'dily Est.10p	90	—	—	—	—	—
Dec. Mar.	Pontin's 10p	22½	6.6	†14	Φ	4.9	Φ
Nov. May	Queen's Mod.5p	17	19.4	15	1.0	4.4	21.8
Oct. May	Rowton Hotels	118	6.9	21	1.4	4.5	15.7
Nov. May	RyanTour 5p	97	22.8	22	2.6	4.1	
April	Savoy 'A' 50p	365	22.3	16	1.6	9.3	23.7
J'e.O.Apr.	Trust H. Forte.	133	4.10	20	1.7	3.7	16.0
Mar. Oct.	W'rn'rHol.A10p	21	6.9	16	1.7	7.6	7.7
Jan. Aug.	Wh'lers R'rtl0p	112	26.7	52	1.7	4.7	12.7

INDUSTRIALS (Miscell.)

Dividends Usually Paid	Stock	Closing Price	When last xd	Div. amount	Times covered	Gross yield pc	P/E Ratio
Apr. Oct.	A.A.H.	134	23.8	29	2.9	3.4	9.3
Dec. July	A. D. Int.	89	14.6	18	1.6	5.1	12.7
Feb. Sept.	ADMSyst'ms5p	47	28.7	d42	8.1	4.5	10.6
Mar. Oct.	AGBRes'ch 10p	104	23.8	28.2	1.7	2.7	22.4
Dec. Oct.	A.V.P. Inds 40p	148	23.8	13	2.6	3.5	11.3
Jan. Sept.	A. W. (Sec.) 10p	61½	28.7	16	8.0	2.9	20.4

[Remainder of Industrials (Miscell.): illegible at page resolution]

"Recent Issues" and "Rights" Page 37

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INDUSTRIAL (Miscell.)—Continued

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INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

TEXTILES—WOOL

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Continued

[illegible]

MACHINE TOOLS

[illegible]

MOTOR, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Aircraft

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

STEELS

[illegible]

TEXTILES—GENERAL

[illegible]

Finance, Land, etc.

[illegible]

UTILITIES

[illegible]

OILS

[illegible]

RUBBERS—MALAYSIAN

[illegible]

RUBBERS—MISCELLANEOUS

[illegible]

SISAL

[illegible]

TEAS

India and Pakistan

[illegible]

TEAS—Continued

India and Pakistan (cont.)

Dividends Usually Paid	Stock	Closing Price p	When last xd	Div. % or amount	Times covered	Gross yield %
—	Scottish Assam (£1)	28	6'68	—	—	—
Mar. Oct.	Singlo (10p)	2¼	6'69	—	—	—
May Nov.	South'n India (£1)	52	11'70	2½	U1.5	8.2
Sept. Mar.	Travancore (£1)	205	8.8	20	1.2	9.8
November	Warren Tea (£1)	52	4.10	6	1.6	11.6
November	West Dooars (£1)	50	4.10	4	1.3	8.0
Mar. Sept.	Williamson (£1)	77	23.8	2	1.6	10.4

Ceylon—

Dividends Usually Paid	Stock	Closing Price p	When last xd	Div. % or amount	Times covered	Gross yield %
Mar. Dec.	Bogawantalawa £1	52	11'70	10	1.0	16.2
April	Central Prov.	7¼	18.4	3	U1.9	17.2
Apr. Aug.	Ceylon Plants (£1)	190	12.7	20	1.0	10.8
October	Dimbula Valley £1	40	10'70	3	2.3	7.5
May Sept.	Galaha (20p)	6	23.1	3.4	Φ	11.3
November	Gen. Ceylon (10p)	5¼	11'70	2	U1.5	3.0
—	Saleyon Inv(10p)	20	—	4	—	2.0
May	Lanka (£1)	52	19.4	5	1.2	9.8
May	Lunuva (£1)	48	26.5	3	1.6	6.3
July	Nuwara Eliya (£1)	14	10'70	—	—	—
September	Ouvah High £1	42	25.6	3½	1.2	8.5
Oct. Apr.	Pelmadulla £1	126	25.8	18	1.2	14.3
July	Rajawella Hdg. 50p	11	5'70	8—	—	—
April	Rosehaugh	19	15.2	5	0.4	12.5
—	Sent. Ceylon	4½	2'66	—	—	—
April	Sent. Tea & Lds £1	16	5'70	2½	1.4	16.8
August	Standard £1	37	28.7	6	1.5	8.8
—	Tea Corporation	4¾	10'65	—	—	—

MINES—CENTRAL RAND

Dividends Usually Paid	Stock	Closing Price p	When last xd	Div. % or amount	Times covered	Gross yield %
Aug. Feb.	Durban Deep (R1)	62	28.8	14c	2.0	[illegible]
Aug. Feb.	East Rand Prp. (R1)	70	28.8	4c	2.4	[illegible]
August	Leipaards V.I. (10p)	26	28.6	2	Φ	4.6
—	Rand Leases (2½c)	9	6'58	—	—	—
Aug. Feb.	Randf'nt'n Est. (R2)	66	12'70	4c	1.5	[illegible]
December	Robinson Deep (2½c)	50	12'68	4c	1.2	[illegible]
—	Simmer (2c)	20	1'58	—	—	—
Aug. Feb.	West Rand (R1)	30	28.8	10c	2.5	19.4

EASTERN RAND

Dividends Usually Paid	Stock	Closing Price p	When last xd	Div. % or amount	Times covered	Gross yield %
Mar. Nov.	Bracken (R1)	42	20.8	16½c	Φ	22.9
Aug. Feb.	Daggafontein 50c	7½	12'70	—	—	—
Aug. Dec.	East Dagg (R1)	22	28.8	†11c	1.0	25.7

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND

[illegible]

PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIANS

[illegible]

TIN—EASTERN

[illegible]

TIN—NIGERIAN

Dividends Usually Paid	Stock	Closing Price p	When last xd	Div. % or amount	Times covered	Gross yield %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct. May	Ex Lands (10p)	7½	18.10	7½	2.5	10.7
Nov. May	Gold & Base (12½p)	6½	2'69	—	—	—
March	Jantar (12½p)	5½	4'67	—	—	—

TIN—MISCELLANEOUS

Dividends Usually Paid	Stock	Closing Price p	When last xd	Div. % or amount	Times covered	Gross yield %
Apr. Oct.	Beralt Tin	190	8.5	184	2.0	[illegible]
Nov. May	Fabulosa (US$1)	4	5.68	—	—	—
Apr. Oct.	Geevor	130	20.9	60	1.6	11.5
Dec. Mar.	London Tin (20p)	123	8.3	42½	1.1	7.0
Dec. July	St. Piran	51	23.5	20	1.4	9.8

COPPER

Dividends Usually Paid	Stock	Closing Price p	When last xd	Div. % or amount	Times covered	Gross yield %
Mar. Dec.	Esperanza (12½p)	72	23.7	40	1.9	6.8
July	Indian (10p)	11	5.8	11.1	3.0	10.1
June Jan.	Messina (R0.50)	204	17.5	190	2.0	[illegible]

MISCELLANEOUS

Dividends Usually Paid	Stock	Closing Price p	When last xd	Div. % or amount	Times covered	Gross yield %
—	Burma Mine (17½p)	5¾	4'61	—	—	—
Apr. Oct.	Cent. Prov. Mn (12½p)	25½	4.16	n12	Φ	10.2
—	Charterhall (5p)	10	5'67	—	—	—
Aug. Feb.	Cons. Murch (10c)	125	28.6	80c	2.1	[illegible]
Sept. Mar.	G. F. Mg. Ind. Db.	£83½	22.3	7	58.0	9.4
July Dec.	Northgate (US$1)	965	20.6	60c	2.2	7.9
Jun. Dec.	R.T.Z.	186	4.16	24	1.8	5.3
—	[illegible] (C$1)	55	60.4	—	—	—

For Notes, see Page 29

Registered at the G.P.O. Printed by St. Clements Press Ltd. for and published by The Financial Times Ltd., Bracken House, Cannon Street, London, E.C.4.

Lombard

The EEC doubts that will live on

BY C. GORDON TETHER

"TO-NIGHT," said the Prime Minister in the closing address to the Common Market debate in the House of Commons, "the great uncertainty that has delayed many projects for Europe for years can be removed."

So perhaps it would have been had the outcome denoted that British entry into the EEC had the full-hearted support of Parliament and people in the meaningful sense of that term—and a much bigger majority in favour than 112 would obviously have been needed to satisfy the first part of this requirement alone. In reality, the muddying of the waters, has been rendered even more acute by last week's events. So much so, indeed, that it has to be recognised that the uncertainty of which Mr. Heath spoke could now be with us for a very long time.

Public opinion

For a start, the possibility of the Government's applecart being overturned during the passage of the necessary legislation through Parliament is obviously a very real one, for all the efforts of the pro-Market battalions to play it down. Mr. Heath employed most of the tricks in the political book to secure the House of Commons vote approving British entry into the EEC in principle. So he can hardly expect the anti-Market forces not to do likewise in their fight to prevent it being put into practice.

That means that the convenient proposition that Parliament must see itself under an obligation to carry into effect legislation arising from a decision it has made on a matter of principle cannot be relied upon to see the Government through in this case. And it is laughable to suggest, as Mr. St. John Stevas has been doing, that public opinion ought to come to its aid by demonstrating that it won't tolerate attempts to obstruct British entry into the EEC now that Parliament has approved of the broad idea.

The contention that it is quite allright for MPs totally to disregard public opinion at one moment and then want to exploit it for their own purposes at the next betokens an arrogance that the public is likely to find insufferable. This apart, since people in general clearly want Britain to stay out, they are obviously not going to be disposed to stand in the way of any endeavours to see that she does.

Backing out

Moreover, Mr. Wilson has now as good as said that Britain will be withdrawn from the Community if Labour is restored to power at the next Election unless the terms are drastically revised in her favour. So entry uncertainties cannot even be counted upon to disappear with the end of the legislation tussle.

The Labour Party will naturally be seen as having materially improved its chances of getting back into office by insisting that it would never have treated public opinion in the way the Tories have in connection with the EEC issue. And if, as the Government claims, the terms Mr. Rippon secured were the best obtainable, any demand for further major concessions would be quite likely to lead to "the agreement to part company" of which Mr. Wilson spoke—and unscrambling that would not be all that *difficult* to achieve in the earlier part of the transitional phase.

Symbolic

The poor quality of last Thursday's vote will perpetuate the uncertainties surrounding the EEC project in other ways too. Mr. Wedgwood Benn may have got carried away in forecasting a great constitutional upheaval. But the fact that the Great Debate turned into a Great Charade has stirred up public feeling in a big way. And all will not be forgiven or forgotten overnight. At the very least, entry into the EEC, if it does materialise, will now have great difficulty in securing the country-wide co-operation on which its success largely depends.

Added to this is the fact that major question marks have recently appeared over the overall future of the Community which may be reduced, but certainly won't be eliminated, by a settlement of the Franco-German monetary war.

It is symbolic that the victory bonfire and firework displays pro-Marketeers organised on each side of the Straits of Dover on Thursday were prevented from being the intended "hands-across-the-Channel" affair by thick mist. Nothing could more aptly describe the state in which the British EEC adventure has been left by the Great Debate.

THE LEX COLUMN

Pros and cons in insurance broking

Putting a price on insurance broking shares, currently, looks like tricky business. The sector has appreciated by around 110 per cent. since June 1970; and it has outperformed the All-Share by some 56 per cent. since July 1969. However, the period of relative strength effectively finished seven months ago; given that, the investment income squeeze that some companies have seen with Lloyds and the composites tightening up on credit, plus the effective devaluation of the dollar—insurance brokers, after all did extremely well out of sterling devaluation—Sheppards and Chase make sense in allowing for unexciting short term performance in their latest review.

However, there are points on the credit side. Point one is that a big slice of the post-July 1969 surge was recovery; the index had fallen 42 per cent. in the previous six months with the general bear trend exaggerated by fears about the BIA encouraging clients to deal direct with the underwriters. In the end, this turned out to be a damp squib. Justifying the remaining relative strength is a matter of past and potential growth. The past is well taken care of with consecutive 1968-70 pre-tax growth rates of 22, 15.5 and 18.3 per cent. for the ten companies in the index. For the immediate future, S and C puts in its estimate that the 19.8 historic p/e for the 11 companies now in the index should come down to 16.6 prospective for 1971.

This could be conservative. Against an apprehensive background, S and C's object must have been to see if the brokers could swallow, say, a 15 per cent. drop in investment income and a 1½-2 per cent. reduction in annual sterling brokerage due to the currency realignments. The snags can be matched by assumptions about higher underwriting agency income and better capacity—both due to the recent profits uptrend at Lloyds—while there is evidence that the industry is paying some effective attention to costs. But the fact is that a number of companies in the sector are looking to better S and C's forecast rises for brokerage and expenses of 14 and 13 per cent. respectively this year.

Coming to the individual companies, it is worth noting that an interest rate squeeze on investment income could actually be to the net benefit of C. T. Bowring, with its Bowmaker HP interests. Prima facie, C. E. Heath stands out as vulnerable with a 45 per cent. pre-tax investment income content. But this reflects, first, a big in-house investment portfolio and, secondly, a four-year down-trend in broking profits. Heath's 1970 expense ratio, 91.3 per cent. of brokerage income against a sector average of nearer 75 per cent., raises all sorts of interesting possibilities, and there may be a similar situation in L. Hammond. Both, certainly, have been appraised by a certain predatory eye; however, Heath's recent management restructuring suggests earlier recovery prospects, and on a prospective p/e of around 16 at 204p it is probably one of the best each-way bets in the sector at the moment.

See also Page 26

HTV

Times change fast in the TV contracting business, as Trident showed with its series of beaten forecasts this year. HTV (Harlech) rubs home the point: a month ago, profits for the year to next July were expected to be "considerably lower" than 1970-71's £1.16m. pre-tax, but the adverb has already been dropped in the prospectus for the group's introduction. Last year took in *a little over half* the levy cut but none of the higher ITA rental; and the time-lag between a rise in revenue and higher programme expenditure plus the retrospective element in the charges for network programmes, means that costs here will be upwards of £500,000 higher this year.

However, it looks as though a revenue increase of little more than a tenth would see HTV all square this year, and that cannot be beyond the bounds of possibility. In the four quarters of 1970-71, industry revenue figures rose 2, 3½, 11 and 18 per cent. in that order. The first two months of HTV's current year brought an industry gain of 20 per cent., and the group had rate card increases of 9 per cent. from mid-September. So historic earnings of 18.3p per share can hardly be that vulnerable.

As for the price, if TV contracting is a compromise between public service and earnings growth, then it is all the more so with HTV and its Welsh language obligations. Anglia, on a 1970-71 p/e of perhaps 8, will have had more of the goodies in its year to October, although it will equally have had more time to smooth out production budgets. HTV, then, may start trading at around 120p.

See also Page 26

Grand Met. Loan

There were times last year when the chance for medium term loan offerings to the public seemed to be crying out aloud. Now that we have one—and a big one at £20m. from Grand Met—the background is less obviously favourable, and the terms fairly tight, with the yield of 8.67 per cent just 0.06 ahead of GM's own 9¼ per cent. loan taking the final redemption date in 1979.

The change this year is not so much that the differential between medium and long yields has narrowed—though it has, for example, by about half a point since the year end in the case of otherwise comparable gilts with a 7 and a 27 year redemption date. It is rather the way the whole yield structure on quoted securities has drifted down so that the coupon GM finds itself offering is in line with that of a familiar public option like building society deposits (albeit variable). Still the underwriting has gone well enough, so the interest of the public's response lies in its message for the future.

But the remarkable inflexibility that companies have so far shown over the term of their loan funding has by no means extended to bid currencies (GM's 9¼ loan indeed being Truman's bid paper). They have in fact widely recognised the occasional need for the lower price volatility inherent in a closer redemption date. It is only common sense that this recognition should be applied to funding as well as to bids.

Weather

U.K. TO-DAY

A large anticyclone is slowly moving over the Low Countries, while a trough will affect the extreme North West. Most parts of England and Wales will have fog patches, dense in places, clearing slowly during the morning and followed by sunny spells. Further fog is expected at night. Scotland and Northern Ireland will be mostly cloudy with some rain, but sunny spells are also likely in North West Scotland. It will become warm generally by afternoon.

London, E. Anglia, S.E., E., Cent. and Cent. N. England E. and W. Midlands

Dry. Fog early and late, dense in places. Wind light S. Warm afternoon. Max. 15C (59F).

Wales, S.W. and N.W. England, Channel Is.

Dry. Few sunny spells. Fog patches early and late inland. Wind light S.W. Warm. Max. 16C (61F).

I. of Man, Lakes, N.E. England, Borders, E. and S.W. Scotland, Glasgow and Edinburgh

Rather cloudy, occasional mainly light rain. Wind S.W. light to moderate. Warm. Max. 15C (59F).

N. Ireland, N.W. Scotland, Argyll, Cent. Highlands, Dundee, Caithness

Cloudy. Rain at times, some sunny spells in afternoon. Wind S.W. moderate or fresh. Warm. Max. 14C (57F).

Orkney, Shetland

Cloudy. Rain at times, mainly dry afternoon and evening. Wind S.W. fresh, perhaps strong. Warm. Max. 13C (55F).

Outlook: Dry in England and Wales. Occasional rain in Scotland and N. Ireland.

Lighting-up: London 17.05, Glasgow 17.08, Belfast 17.19.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	Fo.	9	48	Manchstr.	S	13	55
Bahrain	S	33	90	Melbourne	C	17	63
Beirut	F	24	75	Mexico C.	C	19	66
Belfast	F	13	55	Milan	S	12	54
Belgrade	R	4	39	Montreal	S	14	57
Berlin	S	8	46	Moscow	C	2	36
Birmghm.	S	13	55	Munich	C	8	46
Bristol	F	15	59	Newcastle	F	15	59
Brussels	F	11	52	New York	C	18	64
Budapest	S	8	46	Oslo	R	11	52
B. Aires	C	25	77	Paris	C	9	48
Cairo	S	24	75	Prague	S	8	46
Cardiff	F	14	57	Reykjavik	R	7	43
Cologne	C	9	48	Rio de J'o	S	25	77
Copnhagn.	C	8	46	Rome	C	16	61
Dublin	S	15	59	Singapore	S	31	88
Edinb'rgh.	F	13	55	Stockholm	C	5	41
Frankfurt	C	8	46	Strasbourg	S	10	50
Geneva	S	10	50	Sydney	S	32	90
Glasgow	F	13	55	Tehran	S	17	63
Helsinki	C	8	46	Tel Aviv	S	24	75
H. Kong	S	25	77	Tokyo	S	21	70
Jo'burg	S	22	72	Toronto	S	17	63
Lisbon	S	20	68	Vienna	S	7	45
London	C	15	59	Warsaw	C	8	46
Luxembrg.	F	10	50	Zurich	F	10	50
Madrid	S	17	63				

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	C	17	63	Istanbul	C	13	55
Alxndria.	C	25	77	Jersey	C	15	59
Algiers	S	21	70	Las Plms.	F	24	75
Athens	S	16	61	Locarno	C	8	46
Barcelona	S	19	66	Luxor	S	31	88
Biarritz	S	18	64	Majorca	F	20	68
Blackpool	S	14	57	Malaga	C	22	72
Bordeaux	S	16	61	Malta	F	19	66
Boulogne	R	10	50	Nairobi	S	24	75
Casablnca.	C	27	81	Naples	C	10	50
Cape Tn.	S	21	70	Nice	C	15	59
Corfu	F	13	55	Nicosia	C	24	75
Dubrovnik	C	10	50	Oporto	S	23	73
Faro	F	21	70	Rhodes	R	18	64
Florence	F	14	57	Salzburg	F	11	52
Funchal	S	23	73	St. Moritz	S	6	43
Gibraltar	C	20	68	Tangier	C	23	73
Guernsey	F	17	63	Tenerife	F	19	66
Innsbruck	F	9	48	Tunis	S	20	68
Inverness	F	13	55	Valencia	S	20	68
I. of Man	S	14	57	Venice	S	12	54

F—Fair. S—Sunny. R—Rain. C—Cloudy. Fo.—Fog.

NEDC's 'four wise men' to set out the key issues

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

KEY ISSUES which should be occupying the minds of Government, industry and trade unions leaders within the National Economic Development Council over the next few months will be set out by four top representatives of the NEDC at Wednesday's meeting of the council.

The "four wise men," as they have been dubbed, believe that priority should be given to regional policy, particularly unemployment and the need for more effective use to be made of manufacturing resources, continuing low investment levels, and the search for a formula to bring down wages inflation.

The four—Sir Frank Figgures, NEDC director-general, Sir Douglas Allen, the Treasury's Permanent Secretary, Mr. Campbell Adamson, director general of the CBI, and Mr. Vic Feather, the TUC's general secretary—have been working on their list of discussion topics since the August meeting of the NEDC.

Incomes policy

One of the main points they are likely to make is that a serious examination should be made of the practical problems involved in threshold agreements, which some commentators have seen as a move towards a voluntary and effective incomes policy.

The feeling among the four is believed to be that these agreements, linking pay rises above a fixed settlement figure to rises in the cost of living, could create as many inflationary problems as they resolve.

Although a settlement at a low level, with fairly high built-in safeguards against cost of living rises, could help to hold down wages inflation, settlements pitched higher, with smaller cost of living rises, could make the situation worse.

The difficulties surrounding the negotiation of threshold agreements have been illustrated clearly in recent weeks during discussions on pay claims by 1m. local government manual workers and hospital ancillary employees.

No panacea

The threshold agreement—tying wage claims to price increases to some extent—can be seen as the trade union response to the Confederation of British Industry's initiative on 5 per cent. prices restraint.

So far, however, only relatively minor deals on these lines have been finalised and there is a general acceptance among the four that the threshold formula *is not a panacea for* the U.K.'s inflationary ills.

Nevertheless, Wednesday's meeting is likely to be told very firmly that the fact that the unions have not responded as quickly to the CBI gesture as managements might like does not necessarily mean that there will be a flood of price rises when the CBI initiative runs out at the end of July.

As one U.K. industry buys from another, price restraint can itself be expected to have a generally beneficial effect on industry, it will be argued.

Sir Douglas Allen

In addition, companies have the advantage of the reflationary measures introduced by the Government, which should lower unit costs by increasing production levels, and of the general slowing down of world price movements in raw materials.

The immediate economic situation in Britain is regarded as very worrying by the four wise men, particularly with regard to low investment in machine tools and process plant.

So far there has been a very slow reaction to the Budget and to the further measures introduced in July, and the four have found it difficult to identify the reasons for this.

There is an impression, however, that investment decisions and a revival in business confidence are being held back by the debate on Britain's likely entry into the Common Market and the uncertainty created by the protectionist steps taken by the U.S.

Uncertainties

Apart from these immediate problems, the four leading NEDC members also want the council to concentrate its attentions on some of the medium-term difficulties which face the economy over the next three to five years.

In particular, it wants a study to be made of regional policies. Here, the CBI's recent suggestions for improving employment prospects in the regions through increased expenditure on improvements in infra-structure and the acceleration of investment spending by the nationalised industries are likely to be mentioned.

Problems surrounding the training and retraining of the nation's labour force are also expected to be put forward for detailed examination by the council.

There is general concern that whenever there has been growth on the sale now forecast by the Government, there have been shortages of skilled labour and of the facilities for training workers in new skills to meet changed manufacturing conditions.

New threat after P.O. tower blast

BY HAROLD BOLTER

A QUANTITY of powerful explosives caused yesterday's explosion at the Post Office Tower, according to a Scotland Yard spokesman. The blast, which caused extensive damage to three floors of the Tower, London's tallest building, occurred early yesterday morning. It cut out 1,200 telephone and television circuits to Europe for nearly eight hours.

A full report is being made to Mr. Reginald Maudling, the Home Secretary, by Sir John Waldron, the Metropolitan Police Commissioner, and Scotland Yard has ordered increased surveillance of public buildings.

Although the IRA provisionals have denied responsibility, Post *Office installations are traditional* targets. The explosion caused most disruption to telecommunications networks and tore a hole 30 feet by 20 feet in the side of the 620-foot tower, damaging the 31st, 32nd and 33rd floors. No one was injured, although tons of masonry and steelwork fell on to adjoining buildings and roads.

The tower has been closed to the public until further notice. Telecommunications services have been restored and a preliminary investigation by the Department of the Environment shows that there is no significant damage affecting the stability of the building.

So far the Post Office has been unable to estimate the cost of the damage, but it is likely to run into many thousands of pounds.

First warning of the explosion came in an anonymous telephone call made by a woman from a call-box at Purley, Surrey, at 9.10 p.m. on Saturday night. She *said that a bomb had been* placed in the tower, but it was not found during a check by Post Office staff and police.

There were about 200 people in the tower restaurant, operated by Butlin's, at 9.25 p.m., when the woman said a bomb would go off, and about 50 elsewhere in the building.

The explosion occurred about 4.30 a.m. on Sunday morning when only one man, the tower's night superintendent, Mr. Frederick Graham, was in the building. He was not hurt.

About four hours later a man telephoned the Press Association claiming credit for the attack on behalf of the "Kilburn battalion" of the Independent Republican Army. Kilburn, in North-West London, has a large Irish community.

The man said: "This is the Kilburn battalion of the IRA. We did the Post Office tower. The next one will be the Victoria Tower—the one with the flag on top."

This threat is thought to refer to the Victoria Tower, at the House of Lords' end of Parliament buildings, Westminster. Many priceless manuscripts, including original Acts of Parliament dating back hundreds of years, are housed in this Tower.

The Queen will open a new session of Parliament to-morrow. She will read the speech outlining the Government's programme from the throne in the House of Lords. Security precautions are expected to be intensified.

Structural damage at the Post Office Tower was confined to outside curtain walls.

P.O. engineers restored 1,200 circuits carrying telephone and Eurovision television calls to France, Spain, Italy and Switzerland by noon, less than eight hours after the blast.

The Tower houses four main *microwave* links, and the principal disruption was caused by water from burst pipes getting into an aerial.

Third bid to fix scale for N. Atlantic air fares fails

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EFFORTS by the North Atlantic airlines to reach agreement on a new scale of fares for the route from next February 1 have failed again—for the third time running.

The meeting of member airlines of the International Air Transport Association held throughout most of last week in Lausanne in a bid to settle the differences which had caused the breakdown of previous fares meetings in Montreal and Amsterdam, was itself "recessed indefinitely" on Saturday, with no plans set for a further meeting.

"Open rate"

This means that the North Atlantic airlines are still faced with the prospect of an "open rate" situation—in which they will be able to charge whatever fares they choose—from next February 1, when existing fares are due to expire.

It is thought likely that the next move will be left to airline presidents and chairmen to try to get together on the Atlantic fares issue when they meet in Honolulu for the annual meeting of the International Air Transport Association from November 15. This meeting is normally a "rubber stamping" session for decisions taken by IATA throughout the past year.

But in the past it *has* often been used as a means of settling difficult outstanding issues, since it does provide an opportunity when all the world's airlines chiefs are gathered together in one place. Accordingly it is thought that at this year's meeting in Honolulu efforts will be made to get a solution to the difficult question of Atlantic fares.

But even so with three efforts already having ended in failure, including one at chairman and chief executive level in Amsterdam some weeks ago there are now few in the air transport industry who really see much hope of averting the "open rate" situation on the route from next February.

The differences of view among the airlines over fares, as evidenced by the failure at Lausanne, are so wide and deep that at this moment they appear to be almost unbridgeable.

The Lausanne meeting appears to have foundered over the question of individual excursion fares, and what levels these ought to be. There seems to be little doubt that the concept of "advanced purchase" or APEX fares originally most favoured by BOAC—whereby passengers would get substantial cuts by paying for the ticket several months in advance—has been decisively rejected by the other airlines.

Stumbling block

Instead, the emphasis is now on "individual excursion" fares, which most airlines want to see but upon the precise nature of which they cannot agree.

The biggest stumbling block of all seems to have been the 28-45 days individual excursion ticket proposal, which some airlines wanted set at the original APEX level of £83 to £104 return, London-New York, but without the conditions attaching to the APEX plan.

What is now most likely to happen is that the airlines will continue to file on an individual basis with their respective governments their own widely varying plans for new fares to become effective from February 1. They cannot afford to delay any longer and hold off in the hope of some kind of solution emerging from Honolulu.

They are thus preparing for a period next year which the IATA itself has described as "a period of experimentation" but which most airlines and travel agents expect to be a period of near chaos in fares.

Lonrho case: Court hearings

By Our Own Correspondent

JOHANNESBURG, Oct. 31.

THE Lonrho director, Mr. Clifford Clarence Bentley, who was *arrested in Cape Town on October* 15, will probably be joined as the fourth accused in the case on November 30 in which three men associated with Lonrho face allegations of fraud.

According to the State, Mr. Bentley should have been joined as an accused when two directors of South African companies associated with Lonrho appeared before a Johannesburg magistrate on Friday.

The two directors are Richard Anthony Lee, a director of Tweefontein United Collieries and Coronation Syndicate, and Kenneth Frederick Scheepers, a director of Coronation Syndicate. They appeared in the Johannesburg magistrates court in connection with an allegation of fraud. They were joined as the second and third accused in the case in which Frederick Anthony Butcher, a London Lonrho director, is already facing an allegation of fraud.

The case against the two men was postponed until November 20 and bail of R2,000 was allowed.

Mr. Butcher was arrested on September 24 in the Eloff Street offices of Lonrho, South Africa, while on a visit to the country. When be appeared before the deputy magistrate of Johannesburg bail was fixed at R5,000 and the hearing was postponed to November 30. The alleged fraud was said by the State to have been committed during the period January 1, 1969, to July 11, 1969.

Following the arrest of Mr. Butcher, Lonrho's *London* office put out a statement. It read: "Apparently no specific charge has been made, but on the facts available to us we believe that the alleged charge can only have arisen from malicious complaints made over the last two years by a small shareholder of a local subsidiary company. The Lonrho company is confident of its ability to answer any charges brought against it or Mr. Butcher."

Continued from Page 1

U.S. aid moves

In framing its request for a continuation of funds, however, the Administration is also preparing for a much bigger controversy over the long-term shape of foreign aid. Almost all the liberals who voted against the Bill last Friday have said that in future U.S. aid should be channelled through multilateral organisations.

This proposal is identical to the scheme recommended to President Nixon by the Peterson Commission last year and warmly endorsed by the White House. Legislation to put the aid programme on a multilateral basis was sent to Congress this year but has been held up in committee.

Thus the Administration will have a hard task justifying the restoration of bilateral aid to a Senate pressing for multilateral programmes. At the same time the President is almost certainly regretting bitterly his threat to cut off aid to some of the African countries which voted to expel Taiwan from the UN—an outburst which undoubtedly influenced the Senate vote on Friday.

Reuter reports from Lima: Some of the principal recipients of American economic assistance put on a brave face after preliminary analysis of implications of the Senate decision. Their conclusion, according to Peruvian foreign minister, Edgardo Mercado Jarrin: "What we want is trade, not aid."

CUNARD'S NEW LINER AT SOUTHAMPTON

Cunard's new dual-purpose liner, the 15,000-ton Cunard Adventurer, arrived at Southampton on Saturday from Rotterdam, where she was built.

The liner, which cost between £10m. and £12m., is capable of carrying 750 passengers. She leaves on her maiden voyage—a cruise in the Mediterranean—on November 16.